S. Hrg. 102-98, Pt. 4

DEPARTMENT OF DEFENSE APPROPRIATIONS FOR FISCAL YEAR 1992

HEARINGS

BEFORE A

SUBCOMMITTEE OF THE

COMMITTEE ON APPROPRIATIONS

UNITED STATES SENATE

ONE HUNDRED SECOND CONGRESS

FIRST SESSION

ON

H.R. 2521

AN ACT MAKING APPROPRIATIONS FOR THE DEPARTMENT OF DEFENSE FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 1992, AND FOR OTHER PURPOSES

PART 4 (Pages 1109–1452)

North Atlantic Treaty Organization
Nondepartmental Witnesses
Office of the Assistant Secretary of Defense
Office of the Comptroller
Office of the Secretary
Uniformed Services University of Health Sciences

Printed for the use of the Committee on Appropriations

U.S. GOVERNMENT PRINTING OFFICE
38-696 ⇆ WASHINGTON : 1991

S181-50

For sale by the U.S. Government Printing Office
Superintendent of Documents, Congressional Sales Office, Washington, DC 20402
ISBN 0-16-036937-1

COMMITTEE ON APPROPRIATIONS

ROBERT C. BYRD, West Virginia, *Chairman*

DANIEL K. INOUYE, Hawaii
ERNEST F. HOLLINGS, South Carolina
J. BENNETT JOHNSTON, Louisiana
QUENTIN N. BURDICK, North Dakota
PATRICK J. LEAHY, Vermont
JIM SASSER, Tennessee
DENNIS DECONCINI, Arizona
DALE BUMPERS, Arkansas
FRANK R. LAUTENBERG, New Jersey
TOM HARKIN, Iowa
BARBARA A. MIKULSKI, Maryland
HARRY REID, Nevada
BROCK ADAMS, Washington
WYCHE FOWLER, JR., Georgia
J. ROBERT KERREY, Nebraska

MARK O. HATFIELD, Oregon
TED STEVENS, Alaska
JAKE GARN, Utah
THAD COCHRAN, Mississippi
ROBERT W. KASTEN, JR., Wisconsin
ALFONSE M. D'AMATO, New York
WARREN RUDMAN, New Hampshire
ARLEN SPECTER, Pennsylvania
PETE V. DOMENICI, New Mexico
DON NICKLES, Oklahoma
PHIL GRAMM, Texas
CHRISTOPHER S. BOND, Missouri
SLADE GORTON, Washington

James H. English, *Staff Director*
Mary S. Dewald, *Chief Clerk*
J. Keith Kennedy, *Minority Staff Director*

Subcommittee on Defense

DANIEL K. INOUYE, Hawaii, *Chairman*

ERNEST F. HOLLINGS, South Carolina
J. BENNETT JOHNSTON, Louisiana
ROBERT C. BYRD, West Virginia
PATRICK J. LEAHY, Vermont
JIM SASSER, Tennessee
DENNIS DECONCINI, Arizona
DALE BUMPERS, Arkansas
FRANK R. LAUTENBERG, New Jersey
TOM HARKIN, Iowa

TED STEVENS, Alaska
JAKE GARN, Utah
ROBERT W. KASTEN, JR., Wisconsin
ALFONSE M. D'AMATO, New York
WARREN RUDMAN, New Hampshire
THAD COCHRAN, Mississippi
ARLEN SPECTER, Pennsylvania
PETE V. DOMENICI, New Mexico

Staff

Richard L. Collins, C. Richard D'Amato, Rand H. Fishbein, Charles J. Houy, Jay Kimmitt, Peter D. Lennon, Mary C. Marshall, Jane McMullan, and David Morrison

Administrative Support

Mavis M. Masaki and Mazie R. Mattson

Minority Staff

Steven J. Cortese and Dona L. Pate

Departmental Support Group

Charles E. Cook III, Stacy McCarthy, and John J. Young, Jr.

CONTENTS

THURSDAY, MAY 9, 1991

Page

Department of Defense: North Atlantic Treaty Organization 1109

TUESDAY, MAY 14, 1991

Department of Defense: Office of the Assistant Secretary of Defense:

- All-Volunteer Force 1145
- Family Support Programs 1172
- Women in the Military 1204

THURSDAY, MAY 16, 1991

Department of Defense: Uniformed Services University of Health Sciences 1213

Nondepartmental witnesses 1221

TUESDAY, MAY 21, 1991

Department of Defense: Office of the Secretary 1361

THURSDAY, MAY 23, 1991

Department of Defense: Office of the Comptroller 1423

DEPARTMENT OF DEFENSE APPROPRIATIONS FOR FISCAL YEAR 1992

THURSDAY, MAY 9, 1991

U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, DC.

The subcommittee met at 9:02 a.m., in room SD–192, Dirksen Senate Office Building, Hon. Daniel K. Inouye (chairman) presiding.

Present: Senators Inouye, Sasser, Stevens, and D'Amato.

DEPARTMENT OF DEFENSE

NORTH ATLANTIC TREATY ORGANIZATION

STATEMENT OF HON. STEPHEN J. HADLEY, ASSISTANT SECRETARY OF DEFENSE FOR INTERNATIONAL SECURITY POLICY

OPENING STATEMENT OF SENATOR INOUYE

Senator INOUYE. This morning we will examine the current and future status of the most successful peacekeeping alliance in modern history, the North Atlantic Treaty Organization, NATO. NATO faces its greatest challenges and opportunities since the darkest days of the cold war. The catalysts of these challenges are much more positive: the rebirth of democracy in Eastern Europe and great changes in the Soviet Union.

These challenges and opportunities are manifested in several ways. The United States and our allies are struggling with how to redefine the alliance and the military and political relationships within the alliance. The composition and level of United States to, and role in, NATO can be expected to change.

Calls abound for reducing American troops in Europe from 300,000 to a much smaller presence. There is significant disagreement about the minimum level needed to demonstrate a continued U.S. political commitment to Europe and to provide meaningful military capabilities.

Our allies seek a more prominent role in alliance decisionmaking as part of a strengthened European pillar of NATO. The likelihood a European will become NATO's Supreme Allied Commander in the future is increasing.

The elemental role of nuclear weapons in NATO country and forces again will be examined, with all the controversy that review is likely to create. NATO's struggle to develop a new political and military country to reflect the post-cold war realities is complicated, since these realities still are emerging.

Recent history also reminds us that as we celebrate the end of the cold war, U.S. interests still require defense through force of arms and political and military solidarity with allies and friends.

The Persian Gulf war demonstrated that the bonds of military and political cooperation and shared democratic purposes forged in NATO have value beyond Europe. These bonds should be maintained and strengthened. We also must remember that the Soviets will retain large conventional and nuclear forces which could threaten Europe and other regions.

How the United States and its allies cope with these issues will determine whether the ties which bind us together, North America and Europe, remain strong and relevant for the post-cold war world.

Our witnesses this morning are: Hon. Stephen J. Hadley, Assistant Secretary of Defense for International Security Policy; and Army Gen. John R. Galvin, NATO Supreme Allied Commander and Commander in Chief of the U.S. European Command. We look forward to hearing how the United States and our European allies are redefining their vital military and political relationships in this period of great change.

Before we proceed with Secretary Hadley, it is my pleasure to call upon the vice chairman, Senator Stevens.

Senator STEVENS. Good morning, Mr. Hadley, General. It is nice to be here.

I have no opening statement, Mr. Chairman.

Senator INOUYE. Mr. D'Amato, do you have a statement?

Senator D'AMATO. Mr. Chairman, I will just submit my statement for the record as if read in its entirety.

Senator INOUYE. Your statement will be made part of the record.

[The statement follows:]

STATEMENT OF SENATOR D'AMATO

In the last few years, realistic training in Europe, particularly low-level flying, has become a sore point within the alliance.

My concern, with the cold war "won" and Europe in the grip of Gorbymania, is that support in the alliance for large-scale armored maneuver exercises and low-level air combat training is going to completely evaporate.

If our units in Europe are to be reduced to a garrison force that is allowed off base only for parades, my own preference would be to bring them home. The Army and Air Force of 1995 will be far too small to be able to afford units that are not honed to the sharpest edge by continuous, rigorous training under realistic conditions.

Senator INOUYE. May I now call upon Secretary Hadley.

Mr. HADLEY. Thank you, Mr. Chairman. I appreciate very much the opportunity to appear before the subcommittee this morning.

I have a longer prepared statement which, with your permission, I would submit for the record.

Senator INOUYE. Without objection, so ordered.

DEFENSE STRATEGY

Mr. HADLEY. And simply make a few opening comments, if I might.

For the reasons outlined in your statement, Mr. Chairman, we have a new situation in Europe. The President has announced a new U.S. defense strategy which reflects a planning focus that is less the traditional one of a global war initiated by a short-warning attack on Europe and much more a focus on regional threats.

But despite this change in focus for defense planning, I think it is important to recognize that this does not reflect a lessening in our commitment to Europe, only the fact that we think we can meet that commitment perhaps with lower and reconfigured forces.

But there still are security concerns in Europe, but I think this is what we have to keep in mind. There is a residual Soviet presence. Even after CFE reductions, it will be a formidable conventional power, much less a nuclear power. There is the prospect of the reconstituted Soviet threat, something for which we need to hedge in the future.

There are other risks to Europe, as we have seen in the threat that Iraq posed to Turkey, and a reemergence of ethnic and nationality disputes, for which it is important to make the point that these need to be resolved peacefully, without a resort to force and without outside powers fishing in what may be troubled waters in certain regions in Europe.

Our conclusion is that NATO is still at the core for the security in Europe in dealing with these security concerns. There certainly is a role for CSCE in providing a regime of openness and transparency, particularly for Eastern Europe. There is a role for a greater European security identity. But NATO still is critical in our view for performing the core security functions which I have outlined.

Part of that is that it is still important for the United States to maintain forward-deployed forces in Europe. The size of those forces certainly can come down, but I think it is important to realize that our conclusion is that one of the reasons we have not seen conflict in Europe for 40 years is precisely because we have had forward-deployed forces there. There could be no misunderstanding about our intentions, no misunderstanding about our commitment to Europe, and that continues in our view to be a requirement.

We need a force level that is a credible presence, a capable force that is capable of operating without reinforcement, a force that is large enough to make clear that the United States has a continuing commitment to the security of Europe, and a force that is able to receive reinforcement forces should that be required in the event of a deterioration of the security situation there.

General Galvin can outline a little bit more in more detail what that force will look like. It will go down. But I think the important point here is that there is a minimum level that we need to maintain forward deployed in Europe.

Similarly, our base structure will go down and can contract. But again, we need a base structure which will sustain that residual force.

With that, Mr. Chairman, I appreciate again the opportunity to be here and submit my statement for the record.

Senator INOUYE. Thank you, Mr. Secretary.

[The statement follows:]

STATEMENT OF STEPHEN J. HADLEY

I appreciate this opportunity to testify on NATO issues and the U.S. presence in Europe. Let me begin by taking you back to last August 2—a date all of you, no doubt, remember as the day that Saddam Hussein invaded Kuwait. But that is also the day President Bush publicly set forth America's new defense strategy. He outlined a strategy focused less on the threat of global war initiated by a short-warning Soviet attack on Western Europe and more on regional conflicts and longer-term challenges and opportunities.

At the same time, however, this new strategy holds fast to certain enduring aspects of past defense planning. Perhaps the most important of these is the need for a peacetime forward military presence—in close cooperation with our allies—to deter the outbreak of war. With regard to security in Europe, the President was very clear. The U.S. is and will remain a "European Power." Specifically, the President said, "we will remain in Europe to deter any new dangers, to be a force for stability and to reassure all of Europe—East and West—that the European balance will remain secure."

This morning, I would first like to survey briefly the changes we've seen in the international setting. I will then discuss our new defense strategy, the review of NATO's strategy that is currently under way, and the European interest in a strengthened security and defense identity. My remarks will make clear the continuing need for NATO and for a U.S. military presence in Europe. Finally I will turn in more detail to our force plans for Europe and to the implications for U.S. bases and supporting infrastructure.

CHANGES AFFECTING THE STRATEGIC SITUATION

It has become commonplace to note—but it is no less true—that the year 1989 was the year of revolution in Europe. It began a process by which we saw authoritarian regimes in Central and Eastern Europe give way to democratic governments. Germany was reunited. The Soviets agreed to withdraw their troops from Czechoslovakia, Hungary and Germany, and began negotiating the withdrawal of their troops from Poland. In these developments, the West—and the peoples of Eastern and Central Europe—are reaching their long elusive goal of overcoming the division of Europe.

In addition, we have witnessed a distinct change in how the Soviets conduct themselves in international affairs. Communism has, no doubt collapsed because of its fundamental failure to nurture the human spirit, respect the dignity of the individual, and unleash the vast potential of the peoples it held in its grip. But we must also recognize the role played by the Soviets' "new political thinking": it facilitated the democratization and demilitarization of Eastern and Central Europe, and the Soviet Union itself began to reform.

However, the course towards democracy and demilitarization of the Soviet Union that we all welcomed appears to have slowed. Not withstanding President Gorbachev's recent pact with the republics, the prospects for needed economic and political reform remain very much in doubt. The economic situation in the Soviet Union today is as bleak as it has been at any time since the end of World War II. Absent successful political and economic reform we face the prospect of significant unrest within the Soviet Union. This means that the greatest threat to its neighbors may well come in the future from the inability of the Soviet Union to control events inside its own borders, rather than from any conscious policy of seeking to expand Soviet influence by military means.

This is a very different concern from the scenario that has preoccupied western military planners for decades. A united Germany firmly anchored in the Western Alliance, the prospect of the complete withdrawal of Soviet forces from Eastern and Central Europe, and the restructuring of Soviet forces have all combined to ease the threat under which Western Europe has lived for forty years, and it is these changes that have in large measure made possible the new U.S. Defense Strategy, outlined by President Bush on August 2.

NEW U.S. DEFENSE STRATEGY

As I mentioned at the outset, our new defense strategy focuses much less on the prospect of a global war beginning in Europe. It reflects a shift in focus to the potential for regional conflicts and the related requirement for forward presence and crisis response. But this does not reflect a turning away from Europe. The United States continues to recognize the massive conventional capabilities that the Soviet Union will retain for the foreseeable future. But the changes in the strategic environment noted above have allowed us to focus our plans on this residual Soviet

Force—still capable of threatening a single region—rather than on a Soviet force capable of initiating global war on short warning.

A period of great change always raises the prospect of a reordering of relationships with allies. There may be pressures and temptations in certain quarters to question the fundamental elements of our transatlantic commitment to a continuing role in the security of Europe. But we should firmly reject such pressures. While the Persian Gulf experience was in some measure a demonstration of American military competence, it has also been a demonstration of the importance of strong friendships and alliances. It has reaffirmed the importance of the American forward presence in Europe and of the NATO Alliance. There is no substitute for a military presence overseas in peacetime to deter conflict and, if necessary, to bring any conflict to a swift conclusion.

IMPORTANCE OF NATO

The American presence in Europe is given its context by the NATO Alliance. This is the forum through which the United States expresses its security commitment to Europe. As the Gulf War has underlined, the Alliance has evolved over time into an excellent mechanism by which individual nations can coordinate their responses to military action.

NATO's role during the Gulf War is a clear indication of its continuing importance in the post-cold war era. Recognizing the threat posed by Iraq to an Alliance member. NATO responded by sending to Turkey the air element of the ACE Mobile Force, comprised of aircraft from Belgium, Germany, and Italy, which joined the NATO AWACS already deployed there. NATO also responded to the risk of disruptions in the Mediterranean Sea by calling forward the Standing Naval Force Channel, the NATO On Call Force Mediterranean, and the Standing Naval Force Atlantic to perform mine sweeping and surveillance missions. This was a force of over 40 ships. Additional NATO AWACS were deployed to Italy and Greece for 24-hour surveillance of much of the Mediterranean. At the same time, the collective machinery and "habits of cooperation" afforded by NATO were indispensable to the success of the coalition effort to enforce the UN Security Council resolutions.

Overall, NATO has always distinguished itself by the fact that it was conceived as an Alliance of free nations with shared values. It's this understanding that allows our transatlantic tie to nurture not only our friendships abroad, but also to foster our own security and prosperity within the United States. It's the best guarantee we have that America will not slip back to the failed policies of isolationism.

NATO CORE SECURITY FUNCTIONS

With this as background, let me turn in more detail to how NATO fits into the changed security environment. We are now well underway with a wide-ranging review of NATO's strategy, as mandated by the July 1990 NATO summit. We are pleased with the progress of the review and look forward to its completion for a possible NATO summit later this year.

There is already strong agreement on certain core security functions that must be performed by NATO. Let me briefly discuss these in turn.

First, and foremost, there is the need to deter and defend against any residual threat from the East. Even with a fully implemented CFE agreement, the Soviet Union will remain the leading conventional power in Europe, dwarfing the national forces of any single European state. In addition—despite potential START reductions—the Soviets will retain substantial strategic nuclear forces that will be fully modernized by the mid-1990s.

Second, NATO must deter and defend against any threat of aggression against the territory of its members from other potential adversaries. The Persian Gulf War vividly illustrates the potential for such threats. In that crisis, Turkey faced a real prospect of attack—potentially from Iraqi ground forces, but certainly from Iraqi aircraft and ballistic missiles. And the threat that Iraq's forces represented was not by any means unique. There are other regional powers with modern armed forces, including sophisticated attack aircraft, ballistic missiles, and even modern submarines. This problem is exacerbated by the proliferation of modern weapons, including weapons of mass destruction.

Another core security function for NATO is to preserve the strategic balance within Europe. We should bear in mind in this regard the need for a hedge against a reconstituted threat from the Soviet Union, reflecting a return to Soviet policies—and the military threats—of the past. No doubt, this would take months, if not years, to occur, and the U.S. and its allies would have time to reconstitute their forces. But we need to keep in place mechanisms to support the reconstitution of a more substantial military capability.

A closely related security function is to create an environment in which any country would be dissuaded from intimidating or coercing any other European nation or imposing its will through the threat or use of force. NATO can assist in promoting such a security environment based on the growth of democratic institutions. Today, we are faced with the prospect of enormous uncertainty and instability on the European continent, involving ethnic tensions and long-simmering territorial disputes. Our goal must be to deter any resort to force and to work toward the peaceful resolution of these differences.

Finally, NATO should serve, as provided in Article IV of the North Atlantic Treaty, as a transatlantic forum for consultations among the allies on any issues that affect their vital interests, including possible developing challenges to members' security, arms procurement, and arms control. This function would include consultations on security issues that may arise in areas traditionally regarded as outside the NATO treaty area.

EUROPEAN SECURITY IDENTITY

As we seek to adapt NATO to a new era in Europe—bearing in mind the continuing need for a U.S. military presence—we must also take account of the European interest in a strengthened security and defense identity. The United States has long supported the process of European integration. This remains our position today, not only with regard to political and economic integration but also with regard to a European security identity. It is for the European allies to decide among themselves on the approach they deem most appropriate for the expression of a common foreign, security, and defense policy. But the United States stands ready to support this European decision.

To ensure that this development strengthens the integrity and effectiveness of the Atlantic Alliance, NATO should remain the principal venue for consultation and the forum for agreement on all policies bearing on the security and defense commitments of its members under the North Atlantic Treaty, wherever these policies originate. NATO must also maintain an effective integrated military structure to provide for collective defense.

Some of our allies have expressed an interest in improving Europe's ability to protect vital interests and uphold the rule of law beyond Europe itself. We support this effort.

Finally, to minimize the potential for divisiveness within NATO, we would encourage our European allies to open their deliberations on a common security and defense policy to all European members of NATO. We must avoid any tendency toward differential security among the members of the Alliance.

We believe that by working together we can find an arrangement that will satisfy these various interests. The goal must be to respond to the demands for political and economic change in Europe in a way that enhances the security of all. From a defense standpoint, we must be particularly concerned to maintain the military effectiveness of the Alliance and not to use the pursuit of a European defense identity as a cover for a disproportionate reduction in the European defense effort.

U.S. FORCE LEVELS

I would like to turn now to our planned force structure as we adapt to the new era in Europe. One of the reasons that we have not seen war in Europe for the past four decades is that the U.S. presence made clear to all that we had a commitment to Europe and would mobilize and reinforce from the U.S. homeland as required to honor that commitment. We think this continues to be a good formula for success in the future. Thus we need to keep several factors in mind when talking about a U.S. force level in Europe. First, we need to maintain a credible presence. By that I mean a force sufficient to convince any potential adversary that in the event of conflict it would face a well-trained and highly capable force, ready to engage wherever necessary before reinforcements arrive. Second, this force must also be sufficient to reassure our friends and convince any adversary that, if necessary, we will reinforce our forces. Third, that force needs to be capable of receiving follow-on reinforcement forces. That means maintaining the necessary infrastructure and logistics arrangements, with appropriate staffing. One of the clear lessons of Desert Storm was that there is no substitute for an in-place infrastructure ready to handle any emerging crisis.

Although the precise size of this forward presence has not yet been determined, we do know some of the specifics. Clearly, the size of our forward deployed forces is going down. The number of Tactical Fighter Wings in Europe will decline from over 8 wings today to slightly over 3 wings in 1995. The number of ground force divisions will go from almost 5 today to something on the order of 2 or 3. But this will still allow us to maintain a Corps army structure in Europe, supported by air units. When combined with a carrier battle group in the Mediterranean, this force will meet the considerations set out above and will make an important contribution to maintaining the stability of the region.

IMPLICATIONS FOR U.S. BASES

I would like to turn to the implications of the new situation for U.S. bases in Europe. Obviously, with fewer forces in Europe, our base requirements will be reduced. We have already made significant changes in this regard. In announcements since January 1990, we have stated our intention to close a total of 233 overseas sites, of which 210 are in Europe. I would note that additional closures are envisioned as we bring our forces down to the configuration mentioned above. We will announce these additional closures as we proceed with our force cuts in Europe over the next several years.

The final number of base closures remains uncertain, since we are not yet in a position to forecast definitively our long-term base requirements in Europe. An important complicating factor is that base closure does not necessarily follow from the removal of U.S. forces. Some facilities may be needed for dual-based forces or for future reinforcements.

CROTONE

That brings me to Crotone, which we view as a key part of the new European base structure. One of the most important aspects of the relocation of the 401st TFW from Torrejon, Spain, to Crotone, Italy, is that it is a NATO action. The member nations made a commitment to relocate the 401st and to share the cost through the NATO infrastructure program. It stands as one of the best examples of allied burdensharing which NATO has ever undertaken. In response to Congressional concerns, and after considering the changes that have occurred in the security environment, the NATO Foreign and Defense Ministers at their last ministerial meetings unanimously reaffirmed their earlier decision to support the construction a new airbase at Crotone for the 401st.

At the same time, the U.S. and NATO have made significant reductions in the overall costs of the Crotone project while still maintaining its operational potential. As we briefed some congressional members and staff committees on 1 May 1991, we have significantly reduced the number of facilities and total cost of the base, satisfying both NATO and Congressional concerns.

The evolving security challenges from uncertainties in Europe and a dramatically reshaped Middle East, along with the significant reduction in forces and bases throughout the Alliance, make the retention of the 401st in the Southern Region even more important than it was before. With fewer forces deployed forward, those that remain need to be located in the most strategically advantageous position. The Persian Gulf war highlighted the reasons Crotone has become so important. It can fit into the NATO network of intermediate support bases, complement naval carrier battle groups, and provide protection for key air and sea lines of communication in the Mediterranean during any contingency in the region.

NATO INFRASTRUCTURE PROGRAM

The Persian Gulf War has also confirmed in the most graphic way the strategic importance of maintaining an adequate infrastructure for our forces in Europe. As General Galvin has pointed out, we're talking about airfields, seaports, trains, fuel lines and propositioned stocks. The performance of the NATO nations in allowing the U.S. the use of bases and overflight rights was remarkable. Just one example makes the point: Approximately 90 percent of the U.S. airlift and deploying aircraft involved in Desert Storm transited through bases in Germany, France, Portugal, Spain, Italy, Cyprus, Greece, Turkey and the U.K.

Of course, in the infrastructure area also, the dramatic changes in Europe have had a major impact. NATO in fact is currently engaged in a fundamental review of its infrastructure program—a review that includes the identification and deletion of projects already authorized but no longer required in the new strategic environment. At the same time, the future need for the NATO infrastructure program seems clear. Even with major troop reductions, a significant portion of the current infrastructure inventory must be kept in good repair to support not only residual force levels but also force reconstitution and potential reinforcements—e.g., in the event of a reconstituted Soviet threat. While the new environment permits smaller forces forward deployed, it requires adequate infrastructure to receive and support reconstituted forces. In addition, adequate infrastructure—with a balance from region to region—is especially important to facilitate the movement of what will be smaller forward deployed forces to those areas where a crisis does in fact arise.

CONCLUSION

In conclusion, I would stress the need for a balanced approach as we seek to move beyond the cold war to a new era in Europe. I have pointed out that the new U.S. defense strategy, with its focus on regional contingencies, does not reflect a turning away from Europe. Rather—as we and our allies have agreed during the course of the NATO strategy review—there is a continuing need for a significant U.S. military presence and for the NATO Alliance in order to perform effectively several core security functions. We must also ensure that arrangements for a European security and defense identity strengthen the integrity and effectiveness of the Atlantic Alliance.

Of course, as we and our allies continue to adapt to the new situation, the number of U.S. troops in Europe will be much lower than at present. Our plans in this regard are realistic and consistent with NATO's emerging strategy. Overall, the challenge is to adapt to the new situation while not losing sight of enduring needs and principles. With your support, I am confident that we will succeed.

Thank you.

STATEMENT OF GEN. JOHN R. GALVIN, U.S. ARMY, COMMANDER IN CHIEF, U.S. EUROPEAN COMMAND

Senator INOUYE. May I call on the General.

General GALVIN. Mr. Chairman, I have a written statement which I would like to submit.

Senator INOUYE. Without objection, sir.

General GALVIN. Thank you, Mr. Chairman. And I have a few words I would like to say as an opening comment.

The United States had a strong influence in the change in the NATO strategy which was announced last July in London and it is a strategy which embodies a concept of preparation for peace, for crisis, and for conflict. But I think last year in London in July none of us thought we would see a year in which we had peace, crisis, and conflict all at once.

However, it has been a spectacular, unbelievable year, in which we have not only had Desert Shield and Desert Storm, but also Operation Proven Force, which was the operation out of Turkey into the northern part of Iraq, Operation Patriot Defender, which was the protection of Israel, and Operation Provide Comfort, which is the operation going on with the Kurds in Iraq right now.

When you put all that together, it has been a year without precedent, but it may be a year that serves as precedent for the future, with mass migrations of people and crises that crop up perhaps more than one at a time.

I am very proud of the performance of United States European Command in Desert Storm, where a major part of the forces, including VII Corps, 10 tactical fighter squadrons, and a carrier battle group, came out of the European Command. In addition, we sent as much as 50 percent of the stocks and up to around 80 percent of the major maintenance support for operations in the gulf.

I would also like to mention that all European nations which had fighting ships contributed ships to the gulf effort and all NATO nations participated in one way or another in Operations Desert Shield and Desert Storm.

In Proven Force, which was the operation out of Incirlik in Turkey, there were 6,000 sorties under EUCOM support for CENTCOM which struck at the nuclear sites, at the airfields, and aircraft shelters in northern Iraq.

In Provide Comfort now, we have delivered over 12,000 tons of food and supplies to the Kurds. The Kurds have started to move down out of the mountains now. We are providing protection. We see, by the way, a lot of assimilation taking place, Kurds moving into villages, not staying in our camps, using our camps as way stations.

That operation is at the present time moving along as scheduled and we are providing for survival, protection, and assisting in assimilation. We are in the process of transferring the effort to international agencies and then, as our work is complete, we will be withdrawing.

For example, the fixed wing heavy drop phase is really winding down now and some of those aircraft will come out of Turkey, where they have been flying in support of the Kurds. As the camps close in the mountains—and some of those camps are emptying out very rapidly—the Special Operations Forces who have been administering those camps will be drawn down also. At the same time, we are going up somewhat on the civil affairs and medical and other units which are assisting in there.

What can we conclude from this year in terms of our military forces in Allied Command Europe? I think it is the same thing that we can conclude all across the board, and that is we have superb troops and we have modern, high-technology equipment, and we have the leadership to orchestrate all of that.

We can thank the Congress and the American people for what has been done. Now as we face declining budgets, I think the major question that is before us is, How do we hang onto this magnificent capability that we have? How do we keep the edge?

INFRASTRUCTURE

Now, to maintain that edge I think the most important thing, Mr. Chairman, is to get the most out of our force structure. Now, how can we do that? We can do that by maintaining our coalition approach. We have seen a coalition in the gulf. We have seen a coalition now of another 26 nations supporting Provide Comfort, the biggest humanitarian lift that we have ever seen in history, in support of the Kurds.

What does that mean? It means also that we have a coalition in NATO that has been a part of our defense strategy, that has helped us in terms of building the kind of force for security as a cooperative effort with others, rather than having to build deterrence ourselves.

I should mention, Mr. Chairman, that as we look at the coalition in the gulf and the coalition in Provide Comfort with the Kurds, what we see is NATO forces with NATO technology using NATO doctrine and NATO standards, using the procedures and teamwork and rules of engagement of the NATO alliance, using NATO communications and NATO infrastructure, NATO bases were used all the way across the theater from the Azores to Rota to Sigonella to Souda Bay to Incirlik, as well as bases coming down through the United Kingdom of Mildenhall and those of Ramstein and Rhein-Main in Germany.

All of that is the NATO infrastructure, which has superimposed on it also long-range communications that has aided us in pulling together coalitions and operating. It is NATO training and NATO readiness and NATO interoperability and NATO togetherness that has served as the example for other nations that are in those coalitions.

So we have seen a spinoff here in major proportions of our investment in NATO over the years.

When we look now at the European force for the future, how can we mix with the coalition of NATO in a way that provides for effective balance and stability and security in Europe? We can do that at lower levels.

Where we have four divisions there now, I believe that we can operate with two; and where we have two corps, one; and where we have eight tactical fighter wings, four or three to four; and where we have the Sixth Fleet with a carrier battle group and a marine amphibious element in the Mediterranean, we can keep that Sixth Fleet, but at a lower level of escorts perhaps.

Now, when we look at all of this, I think we have to say that we need to be selective and accurate in choosing the improvements that we are going to make in the force. There I am talking about, first of all, the biggest contribution that we can make still is, as it always has been, in the magnificent people that we have.

So this means their quality of life. This is the question of military construction and family support and community support.

After that it is the question of their readiness and their training, and then the flexibility of the structure that they have, to include those items I will discuss today such as Crotone, the base, JSTARS, amphibious lift, surface combatants, the C–17, and roll-on, roll-off ships.

So in conclusion, Mr. Chairman, in our strategy of security and as we face an austere future the word I think is coalition, and this is what we have in the North Atlantic Alliance and this is what we have been able also to bring together for the other crises that we have faced this year. And if the immediate future is going to be anything like this year, then we are going to need this coalition teamwork approach.

I would also say that the European force has served us well, not only as a force for balance within the North Atlantic Alliance, but as a contingency force, and we need to look at that as we look at our strategy.

Thank you very much, Mr. Chairman, for this opportunity.

[The statement follows:]

STATEMENT OF GEN. JOHN R. GALVIN

I am glad to be afforded the opportunity to present to this committee some of the issues facing the United States European Command today. Since I last testified before this committee, the world has undergone tremendous changes. We've seen new freedom come for the people of Eastern Europe, the German nation once more united, a growing economic crisis in the Soviet Union and Operation Desert Shield/Desert Storm and its aftermath. We have taken these events into account as we have reviewed our strategy, operational concepts, force and base adjustments, and resource needs.

ENDURING STRATEGIC PRINCIPLES

In this time of uncertainty and transition, the Secretary of Defense has articulated a new defense strategy which sizes our forces principally against major regional contingencies that threaten American interests while keeping a watchful eye on Soviet military power. In applying this to Europe, the main elements of the U.S. defense strategy are:

—Deterrence still requires a credible nuclear and conventional capability, second to no other nation.

—Collective security is more economical and effective in the long run. We should continue every effort to support NATO as the organization with demonstrated capacity for leadership and crisis management.

—Forward presence contributes to deterrence, crisis response, regional stability, and influence. New operational concepts include highly mobile multinational forces.

—Power projection involves moving forces from the U.S. and European locations to the crisis area rapidly and in sufficient size to meet our objectives.

—Reconstitution capacity depends on protecting our infrastructure and industrial base.

—Technoloqical superiority, proven by Desert Storm, relies on quality to overcome any quantitative advantage of an adversary.

—Maritime and aerospace superiority guarantees control of the necessary sea, air, and space lines of communication across the Atlantic and through Europe.

—Arms control agreements, where possible, reduce military threats and provide greater predictability in security relationships.

CFE

Foremost among arms control agreements is the Conventional Forces in Europe treaty signed last fall. It reflects an unprecedented opportunity for improving security and stability in Europe by establishing a secure and stable balance of conventional armed forces at lower levels than before and eliminating the capability for launching surprise attack and for initiating large-scale offensive action.

We are making every effort to get a good, workable, verifiable, honest Conventional Forces Treaty. The problems encountered with Soviet reporting of their equipment are solvable. I still think the Soviets are people with common sense, and they are able to read the treaty. And the treaty very clearly says that all limited items have to be counted.

In the shift of forces from the army to the navy, the Soviets are leaving out 3,500 pieces of treaty limited equipment. We are encouraging the Soviets through every means possible, right now, to relook their position on the treaty and especially this point. I am confident we'll find an acceptable solution.

If the treaty is implemented, the chance for war would be greatly reduced following the very large reductions in treaty limited equipment levels the Eastern states would have to make. Very capable forces would remain, however. For example, the Soviet Union would retain 13,150 battle tanks in the ATTU alone. Only NATO as a whole can deter a force this size.

VERIFICATION

The success of CFE would depend on its verification regime. The regime must compensate for the security previously provided by larger in-place forces. Collectively, the Alliance members and the former Warsaw Pact have worked out a structure and plan for verification that is practical and workable.

In carrying out this verification effort, we must stay the course in two ways. First, we must execute our rights under the treaty for the life of the treaty—for many years we hope. Second, we must have the will to react with solidarity to treaty violations and demonstrate Western resolve to hold firm on CFE principles and specific provisions. We need to resolve Soviet discrepancies now, before proceeding.

HARMONIZATION

To retain the most capable post-CFE force possible, NATO has developed a plan to protect its most modern equipment. This plan, called "harmonization," considers all aspects of the CFE Treaty, national force structure plans, projected procurement, and reduction liabilities. An important part of harmonization is the Transfer of Equipment Plan, where nations with excess equipment, or equipment requiring destruction under CFE, will transfer modern equipment to nations with older equipment. The recipient will then destroy the older equipment to meet the Alliance's reduction obligation.

I fully support this plan because NATO must possess a force which, although reduced in size and quantity of equipment, must be as competent and well-equipped as possible.

NATO REMAINS ESSENTIAL

NATO has successfully faced past threats through collective strength and flexibility, and now the Alliance faces the most pronounced changes since world War II. The NATO of the future will continue to:

Provide the Trans-Atlantic security link; serve as a crisis manager; act as an agent for change; enable an integrated, affordable defense; provide stability; ensure against unpredictability of the USSR; and make renationalization unnecessary.

NATO is adapting its strategy, operational concept and future force structure to the emerging new world order. The key points of the London Declaration, highlighting this adaptability, include the following:

—Support for a unified Germany, a more integrated European Community, and a stronger European Pillar.

—Extension of its initiatives with the East in a spirit of political cooperation and military openness including an increase in military to military contacts.

—Reaffirmation of its support of the CFE process and recommendation of a follow-on round.

—Commitment to a strategy and force structure that are responsive to Soviet withdrawals and arms control implementation. This includes support for a new multinational force operational concept of smaller, flexible, mobile forces.

—Assertion that nuclear weapons will continue to play an important role in Alliance strategy, but that NATO can reduce its reliance on nuclear weapons as Soviet forces withdraw and upon implementation of the CFE treaty. We now view them as weapons of last resort.

In the London Declaration, we also identified a need to develop a strategy to deal with peace, crisis, and war. We did not think we would soon be involved in all three at the same time. While NATO as an alliance was not directly involved in the Gulf, the principles of its emerging strategy from the London Declaration can be seen—force generation, multinationality of the coalition, modern munitions, logistical infrastructure, and strategic mobility.

Complicating the revision of NATO strategy are a number of far reaching issues that the Alliance will have to deal with in the future, among them are:

General Security Guidelines replacing General Defense Plan (GDP); crisis management in the future; future force structure; readiness in NATO; infrastructure and the reality of declining budgets; instability of the Southern Region; relationships between NATO, EC, WEU, and CSCE which impact the European Pillar; command structure for a "Force Generation" strategy; consideration of internal problems within the Soviet Union; the role of NATO in out of area contingencies; NATO's relations with the nations of Eastern Europe; and right mix of training.

These complex problems are the subject of much study and debate within NATO. Our continued participation in the process, in concert with our allies, is critical to finding long term beneficial solutions that will enhance the future security of the Alliance. Indeed much headway has been made and, while some of the toughest issues are still to be resolved, we are optimistic about having a new strategy by the end of the year.

NATO MILITARY STRATEGY

The emerging NATO strategy incorporates several elements of our enduring strategic principles I outlined earlier: deterrence, collective security, forward presence, reconstitution and power projection. The exact composition of NATO's future forces is still under study and will remain an evolving process. The keys to successful implementation of this strategy will be flexibility and cooperation. Generally, the kinds of forces envisioned under the emerging strategy are:

Reaction forces.—Multinational forces, available on short notice, which are allocated to the Major NATO Commanders (MNCS) for an early military response to crisis. Should crisis management fail, reaction forces would contribute to the general defense posture. There are two categories: (1) immediate—reaction forces (IRF) and, (2) rapid reaction forces (RRF) both with maritime, ground and air components.

—Immediate reaction forces. Multi-national, highly trained, rapidly deployable forces modeled on the ACE Mobile Force. These forces would be at the highest state of readiness and capable of reacting to crisis in any region of Allied Command Europe.

—Rapid reaction forces. These forces will be built around a capable multi-national corps, trained and equipped for deployment where needed. Highly trained and equipped with the most modern equipment, these forces will be able to provide significant combat power at the time and place of our choosing.

Main defense forces.—These are in-place forces which will be both national and multinational forces, regionally oriented, maintaining a lower level of readiness and composed of both active and reserve forces. Some of these forces called Ready Maneuver Forces will be maintained in high states of readiness and availability with the remainder in lower states of readiness and availability categories. Ready Maneuver Forces will be employed in support of crisis management or for early operations in preparation for defense.

Augmentation forces.—Primarily from North America but also including European forces, these forces will be composed of both active and reserve units and will require longer warning times and be dependent upon sea and air strategic lift. They provide appropriate operational reserves that may not be tied to specific regions. Some of them are Ready Maneuver Forces available in support of crisis management.

OPERATION DESERT STORM

Our forward location in Europe allowed USEUCOM to provide significant support to USCENTCOM during the Gulf war.

—Thousands of airlift flights transited U.S. facilities in Europe, carrying troops, equipment, and sustainment supplies.
—EUCOM provided intermediate repair, maintenance, and other logistics support, reducing cycle time and stockage level requirements.
—We also provided large quantities of ammunition, supplies, and vehicles as well as medical and combat engineer support.
—One-third of EUCOM's combat forces deployed forward to the Persian Gulf, Turkey, and Israel.

USEUCOM DEPLOYED FORCES

In support of Operation Desert Storm, we deployed an armored corps with two armored divisions, an armored cavalry regiment, two aviation brigades and corps support command as well as numerous support units. Hundreds of armored vehicles were shipped from POMCUS and theater reserve stocks to SWA. Elements of seven Tactical Fighter Wings as well as lift, control, and reconnaissance assets were deployed in support of the operation. The U.S.S. *Saratoga* carrier battle group was redeployed from the Mediterranean to the CENTCOM area. All told, about 90,000 personnel from USEUCOM were in the combat zone.

We reaffirmed two lessons in the move. First, the high states of readiness, coupled with the many contributions by our allies, made the air and ground movement a success—over 440,000 short tons and over 34,000 major pieces of equipment. Second, capable forward based forces and established infrastructure in Europe can be critical elements of our national strategy for dealing with contingencies in and beyond the USEUCOM area of responsibility.

ALLIED SUPPORT FOR DESERT STORM

Our NATO allies assisted substantially in our successful operations.

—Approximately 90 percent of airlift and deploying aircraft were supported as they transited through bases in Germany, France, Portugal, Spain, Italy, Cyprus, Greece, Turkey and the U.K.
—All NATO members except Luxembourg and Iceland had combat forces responding to the Gulf crisis.
—Canada, France, Italy, and the United Kingdom sent combat air units that participated daily in operations against Saddam Hussein.
—France and Britain deployed large ground forces to the Gulf.
—The Dutch provided air defense batteries to help defend Israel.
—Every NATO member with naval units provided naval support.
—Belgium, the Netherlands, and Germany provided outstanding transportation assistance to our deployment of the VII Corps.
—We moved sustainment supplies out of seven major ports in Germany, Belgium, and the Netherlands as well as smaller quantities from British, Portuguese, Spanish, Italian, and Greek ports.

The Gulf crisis reinforced an old lesson. Strategic mobility is more than aircraft and ships. It is airfields, seaports, trains, fuel lines, and prepositioned stocks. This requires good friends. Without friends you cannot double the number of aircraft previously permitted in a country, or get automatic priority on a nation's entire rail system, or get whole piers cleared of lucrative commercial shipping, or have governments canvassing their own bases to find facilities for more aircraft—none of that happens without friends. We must continue to nurture these mutually supportive relationships. The best response to the uncertainties of these times is to maintain a healthy, cooperative, vigorous North Atlantic Alliance.

OPERATION PROVIDE COMFORT

The cease fire in Iraq and the draw down of forces from SWA had scarcely begun when USEUCOM was called upon to face a new challenge. On 7 April, 1991, just 36 hours after receipt of the President's order, forces of the U.S. European Command began air dropping emergency relief supplies to the Kurdish displaced persons in northern Iraq near the Turkish border.

We were assigned the mission of providing emergency humanitarian assistance to refugees in northern Iraq and southern Turkey to include food, water, shelter, and basic medical care until international relief agencies could assume this mission—and the refugees could return home.

Operation Provide Comfort is the largest U.S. relief effort mounted in modern military history. In less than one week, it outstripped the massive airlift of relief shipments the U.S. sent to Soviet Armenia in December 1988. Harsh weather in the area, the lack of suitable navigation aids, and the poor to nonexistent infrastructure of southeastern Turkey complicates this operation. Local road networks are poor, and therefore, the air drop option was determined the quickest and only feasible initial response to the emergency.

Several themes have already begun to emerge from Operation Provide Comfort.

—Initial multinational steps provided emergency relief. The operation started early on Sunday morning, April 7th, with six air drops of 72,000 pounds of emergency relief supplies. Immediate food relief supplies, as well as coats, tents, and blankets, are being provided, along with medical advance party deployments and preparations for the larger sustainment effort. We were very pleased to see the effort be an effective multinational activity. The airdrops were the best means available for emergency relief, but we are now moving forward to improve efficiency, quicken the flow, and increase system capacity.

—The scope of the problem required transitioning to a sustained effort. At the same time that we continued airdrops to those in difficult locations, we began transitioning to a sustained effort. A buildup of intermediate support bases and air/sea ports of debarkation, and establishment of forward support bases is taking place in Turkey. The U.S. Government is contracting for overland transportation and for bulk food supplies. The transition from the C–130 aircraft airdrop capacity to overland trucking support is greatly increasing the flow of supplies. Shifting to bulk foods such as rice, beans, flour, canned fruit, and non-fat milk, for example, allows for delivery of much greater volumes of supplies that are better suited for traditional dietary needs. The U.S. military will maximize all of its available logistic and mobility assets to provide sustained, large volume resupply operations and to prepare to shift responsibility to international organizations when the U.S. military can withdraw.

—Construction of a temporary tent village offers both aid and structure to the relief efforts. On 21 April, the multinational military forces began construction of a number of temporary tent villages in the vicinity of Zakhu, Iraq. Zakhu is near a large number of displaced persons and also near roads that will allow an adequate flow of supplies from the Humanitarian Services Support Base at Silopi Turkey. Twenty to twenty-five villages of about 1,000 people each will be grouped around a community with administration, supply and distribution areas, and facilities for medical care. These temporary villages allow the growing multinational relief effort to greatly expand its operations. Military units assigned to the Combined Task Force will provide initial security for the villages, and a rapid reaction force is available if needed.

—Turnover to expert international relief agencies is our goal. Our efforts are part of a multinational response. We plan to turn over the logistics infrastructure to international relief organizations for them to continue the relief effort. We and our allies will also transfer the village centers in northern Iraq. International agencies clearly are best prepared to organize the efforts that are needed to give the displaced persons long term assistance.

The Combined Task Force Provide Comfort, under authority of the U.S. European Command, includes forces from the United States, France, Germany, the United Kingdom, Italy, Netherlands, Spain, Canada, and Australia.

There are currently more than 9,000 U.S. military personnel deployed in the operation. To date, Combined Task Force Provide Comfort has delivered over 10,000 tons of relief supplies. The smoothness with which this operation has gotten underway and transitioned from one level of need to another is a tribute to the dedicated efforts of the thousands of people who are in place working the problem, the superb cooperation and assistance of the Government of Turkey, and the immediate response of other countries in joining the Combined Task Force. Provide Comfort may be but the first example of the kinds of crisis management operations that lay ahead in the future, where we may again face the challenge of providing humanitarian assistance in the midst of an ongoing civil war.

RESOURCE REQUIREMENTS

Top priority: People.—The resource requirements of the U.S. European Command continue to be headed by the need to take care of our people They deserve a decent place to live and work, a community that meets their basic needs, reasonable health care, and quality education for their children.

READINESS AND TRAINING

Our second priority is the readiness and training of our existing forces. The high state of readiness of USEUCOM forces sent to Desert Storm was a major factor in their rapid deployment and entry into combat. The wide range of missions that our future reduced forces may have to execute requires us to capitalize on modern training technology at higher echelons while continuing to conduct skill training at unit level.

The Warrior Preparation Center is key to quality and realism in training while we reduce the requirement for large scale live exercises.

The need for well-trained forces also underscores the continuing need for the Combat Maneuver Training Center, the only place in Europe where our combat forces can train in battalion strength.

The top intelligence priority for the European theater is the Joint Analysis Center at Molesworth in the United Kingdom. It is the heart of any consolidated-theater Intelligence Architecture Program for the future.

CROTONE

The third priority, moving the 401st Tactical Fighter Wing to Crotone, is an operational necessity. The ability to provide responsive, flexible and highly capable air power in the potentially unstable Southern Region will assume increasing importance in the years ahead. The member nations of NATO are fully committed to the operational necessity for Crotone and have expressed willingness to fund construction of people support facilities and housing, as well as their normal funding of operational projects.

During the December 1990 North Atlantic Council (NAC) meeting, NATO responded to the four Congressional questions and reaffirmed that retention of the 401st in the Southern Region is even more important now than before. With fewer forces deployed, those remaining must be located in the most advantageous positions. NATO also confirmed there were no existing bases that would permit the 401st to fully meet its responsibilities to NATO. NATO affirmed that continuation of construction of a new base at Crotone was the best course of action and that recent events have shown the Southern Region is close to many potential threats. Lastly, the NAC confirmed that use of Crotone for military missions outside the European theater would be considered on a case-by-case basis, there would be no restrictions that would preclude the U.S. from exercising its authority to withdraw or redeploy these aircraft outside the European theater.

Numerous arguments have been made for the base at Crotone. We believe that the best reasons for building the base are as follows:

—It is strategically located in the middle of a volatile region of growing importance to our security.

—With a future European force structure that includes only 3–4 Air Force Wings, we need a wing in the southern region for deterrence, credibility, and capability. Our small force structure must be strategically located to be most effective.

—NATO has reaffirmed the importance of completing Croton. We and our partners are in full agreement that this vital project deserves a share of our scarce funding support.

The Air Force has made significant reductions in the overall cost of the facility while still maintaining its operational potential. We are reducing the original planned facility to a smaller, more austere base. If current initiatives are successful, overall savings of nearly one-half may be achieved.

Operations in the Gulf clearly underscored the urgent need for such a strategically located base. Construction is underway, we still enjoy full support of the Italian Government and NATO, and we are in the process of satisfying all aspects of Congressional concerns and the direction included in last years' hearings.

MODERN CONVENTIONAL FORCES

The fourth Command priority is modern conventional forces. The key to the modern and future battlefield is the capability of, the operational commander to locate, identify, outmaneuver, and outshoot enemy forces.

The commander needs Joint STARS; modern air superiority and multi-role aircraft, and effective maritime forces, to include surface combatants and amphibious warfare capability.

STRATEGIC MOBILITY

Strategic mobility is our fifth priority. It must remain capable and responsive, particularly as we reduce our forward presence. The ability to introduce combat forces into any region will remain a strategic priority in the years to come.

In addition to procuring the C–17 airlift aircraft as soon as programmatically possible, we also need to improve our strategic sealift program.

OVERSEAS INSTALLATION DRAWDOWN

Our conservative approach to resource requirements is in line with the active drawdown of our forces and realignment of our installations. The Command submitted the first comprehensive European basing plan to the Joint Staff in June of last year. The SECDEF approved the plan in July and announced installation realignment actions in September.

Our nation has been and will continue to be well served by a capable military presence in Europe. The detailed shape of this future presence is still to be determined. However, we can identify certain installations, which we call core installations, for use by U.S. forces as long as a minimal capable force remains. These core installations support ground, air, and naval operations in central Europe and the Mediterranean. Our troops will operate from these locations through this decade and into the next century.

To date, the Secretary of Defense has announced the withdrawal, from or realignment of, 198 overseas locations, 174 of which are in Europe, in announcements on 29 January, 1990; 18 September, 1990; 5 February, 1991; and 12 April, 1991. Because there is often more than one installation per location, these announcements equate to 210 installations.

Even as we reduce the size of our forces and leave European installations, it is the individual spirit and will of our people that has made possible our success in peace, crisis and war. Our people willingly make the sacrifices necessary for a successful defense establishment; we should support an adequate quality of life for them. We should continue as a nation to meet our responsibilities to our volunteer service men and women and their families.

Congressionally directed reductions in fiscal year 1991 RPMA, European Base Operations and O&M, and foreign national hires have reduced our ability to execute our mission, lowered support to our troops and their families, and increased the costs of repairing and maintaining our facilities.

FISCAL YEAR 1992/93 MILCON REQUIREMENTS

Central to U.S. military capability and effective crisis management is a well trained, in-place force. To support this force, we must have a well developed infrastructure.

Our fiscal year 1991 submission was cut so severely we received only eight projects totalling eight percent of the DOD request for EUCOM. Our fiscal year 1992 program is the smallest since 1982.

For fiscal year 1992 we are requesting 14 projects totalling $62.4 million. With a smaller force, we, must focus priority on its training and on improving the efficiency of our mission essential facilities. The fiscal year 1992 program has been scrubbed to include only those projects which are of the utmost importance to our war fighting mission and personnel health and safety. A number of highly important projects including health and safety of our personnel were left on the cutting room floor by the austere budget. I want to emphasize that, short of complete withdrawal of forces from Europe, the remaining projects will be required regardless of which drawdown scenario we implement.

NATO INFRASTRUCTURE PROGRAM

With the new political environment in Europe, the evolution of NATO, and preparations to implement the CFE treaty, the NATO infrastructure program is significantly changing in appropriate redirection of efforts and funding.

We are in the process of validating and updating this highly viable program. The SHAPE staff is reviewing the last Infrastructure slice group with the objective of canceling projects which are no longer required and freezing those projects that may be affected by the new NATO military strategy. In addition, the NATO Secretary General is undertaking a fundamental review of the infrastructure program to update eligibility criteria for military infrastructure and the advisability of funding non-traditional requirements under the program.

INFRASTRUCTURE BENEFITS

Over the years, we have gotten more out of the program than our 27.8 percent contribution. About 30 percent of the currently funded projects directly support U.S. forces assigned to NATO. When adding benefits from the theater-wide command and control related projects, we estimate that over 45 percent of the total NATO program contributes to U.S. requirements. What is even more important at this time is that the infrastructure we have created to date, has paid off handsomely in the support of Desert Shield and Desert Storm. The force buildup in the Gulf would have been immensely more difficult if it had not been for the NATO airfields made available to transiting aircraft. The NATO airfields at Rhein Main, Ramstein, Mildenhall, Incirlik, Souda Bay and Keflavik were used around the clock in support of Desert Storm. The NATO pipeline system has kept fuel flowing to our aircraft. Large amounts of prepositioned equipment and ammunition stored in NATO funded facilities have been withdrawn for use in the Gulf, and their location that is much closer to the battlefront has significantly reduced shipping times. The reception facilities funded by Infrastructure were also vital as embarkation facilities for the Seventh Corps, which we moved from Southern Germany to Saudi Arabia in record time. Additionally, Infrastructure funds were provided on an emergency basis to correct some of my most urgent C^3 deficiencies in the Southern Region in support of the ACE Mobile Force (Air) deployment to Turkey. Some $30 million were provided to allow sole source procurement from U.S. firms for these C^3 projects.

Infrastructure was vital to our effort in the Persian Gulf War. We can never accurately predict the form the next crisis will take or what further deployment of our forward deployed forces will be required. With a viable NATO infrastructure program, we can retain facilities to support future crises of the post cold war world.

THE WAY AHEAD

In order to bring all of these thoughts into perspective for the future, I will conclude with these points.

First, applying the new U.S. defense strategy of forward presence, we must plan our force structure in a manner which ensures a credible deterrence, promotes regional stability, and provides for a viable crisis response capability.

Second, to sustain this new strategy, we need to continue to, place our highest emphasis on taking care of our people. This includes providing the equipment our forces need to fight and win on the modern battlefield, the best training we can devise, and decent places to work and live.

Third, collective security remains central to our strategy. We were able to rapidly and effectively deploy forces to Southwest Asia from the United States and Europe because of the friends we have in Europe. The overflight and landing rights our allies provided us were indispensable and will continue to be. We obtained those rights because we have been forward deployed in Europe for over 40 years; our commitment to Europe was absolutely clear. The allies' commitment was equally clear; they came through.

Fourth, an observation that should temper every U.S. security-decision is that the Soviet Union has taken a decided step away from glasnost and perestroika toward reconsolidation of authority and greater central control. While the Soviets are not necessarily embarked on fully reverting to past norms, we can draw the lesson that, where our national interests are concerned, we should proceed with reasonable caution.

Europe remains a vital element in U.S. national defense, both in and of itself, and because security and stability in Europe contribute to the security of the United States. Our forward presence in Europe not only serves to protect America and American interests; it provides us a relationship with Europe that fosters solidarity—the Atlantic link—and gives us Americans the opportunity to be of influence as important decisions are made on collective defense. We need to remain involved and influential in European affairs with a competent, credible, operationally significant force in Europe ready for a multi-faceted mission.

NATO MILITARY STRATEGY

Senator INOUYE. I thank you very much.

I suppose we can add to the unexpected events of the past year as you cited, such as Desert Shield and Desert Storm, the political problems of Gorbachev and the apparent flexing of the muscle by the Soviet military and your dispute with the Soviets on the disposition of equipment under CFE, which all shows, as you have indicated, the uncertainty that we face, not just this year but very likely in the years to come.

In July 1990 when you met in London, one of the plans was for military leaders to get together to come forth this spring with a so-called new NATO strategy. But I presume that, with all these intervening events, it is not going to be possible, and I have been told something will be forthcoming in the fall?

General GALVIN. I believe it will be forthcoming in the fall. We are in our fifth draft of that strategy now and, to tell you the truth, between the first and the fifth there has not been really a lot of change. I think that shows that there is consensus around that fifth draft, and so I would not be surprised at all to see it in the early fall.

Senator INOUYE. To the extent possible, because this is an unclassified hearing, if you feel comfortable, could you advise us as to any changes that we may see coming out of this between the former NATO strategy and the so-called new one?

General GALVIN. Yes, Mr. Chairman. There are very great changes, and this is distinctly a new strategy and not a repapering of the old one.

First of all, it embodies the idea of preparations for peace, crisis, and war: in peace, a force for balance and stability; in crisis, a force that can act, meaning that it can act in a nonprovocative way in the political-military interface, so that the political leadership can use military force, such as the Patriots were used in Israel or such as they were used also in Turkey or the Ace mobile force was also used as a balancer in Turkey.

There are things that one can do in crisis in the use of military force, that is by sending reconnaissance, such as AWACS and JSTARS, by sending mobile radars, logistical support, communications, and air defense. These kinds of things are not provocative, they are stabilizing, and they are things we need to think about in crisis.

Then if war comes, a competent force.

Now, under that strategy what we will see are smaller forces, forces based on regeneration, in which much of the force will be in reserves, ready to be mobilized. It will be a multinational force. It will be a highly mobile force because it will be smaller, but on the same amount of geography or even more.

It will be a force that can use these smaller force multipliers, but it can also swing its efforts to the north or south, and that is in recognition of the fact that the old emphasis in the cold war on the central region and the Fulda Gap and the north German plain has to give way to the concept of protection of all NATO territory and to look beyond simply the yardstick by which we always will have to measure ourselves, and that is the Soviet Union's military capability.

The Soviet Union will still be the strongest European power, a nuclear power, and we will have to take that into account. But the new strategy will also take into account the other problems, such as the religious fundamentalism, the ethnic problems, the ultranationalism problems, the question of sheer terrorism, the proliferation of weapons to the extent that, for example, there are right now on the borders of NATO nations which are not former Warsaw Pact members, nations which are not NATO alliance members, 10 of them which together have a total of 25,000 tanks, for example.

So there are major changes in the strategy that will be forthcoming, and general agreement now on those basic principles, which were all iterated in the London declaration of July, and around which we have been working to build a strategy.

MOBILITY

Senator INOUYE. You have indicated in the opening remarks that you could live with a corps, one corps?

General GALVIN. Yes, sir.

Senator INOUYE. A reduction of eight wings to four, downgrading as far as personnel is concerned in the Sixth Fleet.

I would assume that, as you say, it will have to be highly mobile. Would this be conditioned with the availability of prepositioned equipment, the C–17, more sealift? Can you do it without those things?

General GALVIN. No, sir; we cannot do it without prepositioned equipment, more fast sealift, and the C–17. We could not perform the way we did in Desert Storm in terms of the European Command in its reinforcement and sustainment of that effort and the throughput of that effort without such capability.

Senator INOUYE. So in other words, on the one hand we can bring down the number of personnel, but you will have to make this up with mobility, which calls for greater transport capability, such as C–17's and the ships, and prepositioning?

General GALVIN. Yes, Mr. Chairman; that is right. But I would not put that as a cause-and-effect relationship. Before we ever were looking at the new strategy, the new situation that we have now, and the new requirement for a force structure, we were already talking about fast deployment ships and the air capability to move things and prepositioning.

When I took this command 4 years ago, I was talking about that and none of these things had happened at that point. Obviously, what has happened has borne out the need for those things and has emphasized it and supported it in many ways.

But if all of this had not happened, we still would need mobility. We need it even more now with the smaller force. I will have one corps. If something happened in the gulf, the same thing, let us say, happened all over again, and I was called on to move a corps, I would only have one to move and that would be a different matter.

We could still do it, but we would not be able to do it without the high-mobility capability.

Senator INOUYE. We have been receiving reports that you have had some disagreements with some of our allies, such as the Germans and the British. Is that correct?

FORCE STRUCTURE

General GALVIN. I do not think we have had any disagreements, not on the strategy. We have had a lot of discussion on how we are going to implement the strategy in terms of its operational concept, how do you change from the old cold war general defense plan into a new plan, what will you come up with for a new force structure?

These things are always done as a matter of negotiation among all the 16 nations. As you know, we have the force goals process that goes on every year. I made 1,700 recommendations to NATO over the past 12 months, and most of those had to do with force structure. None of them were things that I just spun out of my own head. They were all a matter of give-and-take negotiations with all the other nations.

But in terms of disagreements, there are different positions, I would say, on different subjects that I am talking about here, but that is all.

Senator INOUYE. Am I correct to assume that the Washington strategists go along with you?

General GALVIN. I think every strategist in Washington goes along with me, Mr. Chairman. I would like to be able to say that.

I do not know, Mr. Chairman, whether the Washington strategists go along. I think some of them do. I hope I have a great majority. Even in our Presidential elections, 52 or 53 percent is pretty high.

Senator INOUYE. Some have suggested that if the Soviets leave, as they have promised to leave, that it will not be even necessary to maintain a corps. What are your thoughts on that?

General GALVIN. Let me tell you what the Soviets would have available to them after CFE. After CFE, if I make my most conservative estimate and the Soviets simply use the equipment that they have and they build units around it, the Soviets will have about 30 to 35 divisions that they could move in about 30 days.

They could follow that up, still west of the Urals and without going east of there, they could follow that up with another 15 in about 45 days. Then they would still have east of the Urals about 40 divisions.

So that means that the Soviets would have the capability to intervene with about 45 divisions in 45 days. Now, I do not know whether they would intervene anywhere, but that is what they would have. And they will still be a very modern nuclear power.

If someone thinks that the Soviets have somehow disappeared, they have not. And the fact is that the Red Army has become more influential and more conservative over the past months.

Mr. HADLEY. Mr. Chairman, I might add that the force that General Galvin described is the force that we hope to build down to from the period between now and 1995, and that is premised on the fact that the Soviets will continue to withdraw out of Eastern Europe, that after the end of 1994 they will be out of Hungary, Czechoslovakia, and Germany, that we will have the CFE agreement, that it will be implemented.

I did not want to leave the impression that the corps was what we could go to right now. The corps is what we plan to move toward by 1995, premised on the assumption that these trends which we see in terms of CFE and the withdrawals of the Soviets will continue.

Senator **INOUYE**. Now, you have indicated that the Soviets will be able, if necessary, to mobilize 45 divisions in 45 days roughly.

General **GALVIN**. Yes, Mr. Chairman.

Senator **INOUYE**. What can we do in the same time period?

General **GALVIN**. NATO can put together about the same force. Now, the real question for NATO is always going to be can we put it together in the right place?

If you count up divisions in NATO, it looks pretty good. But some of them are in Turkey and some of them are in north Norway, and that is quite a spread. That just simply brings us back to the need not for necessarily more divisions in our strategy, but for more mobility. So we are working that, too.

Senator **INOUYE**. I have many more questions here, but I would like to recognize the vice chairman now.

Senator **STEVENS**. Thank you, Mr. Chairman.

BURDENSHARING

General, last year the initiatives in the Senate to reduce forces in Germany were just narrowly defeated. We had a series of initiatives that did get enacted that required both Japan and Korea to assume a greater share of the costs. I am informed that essentially both countries responded to those initiatives this past year.

This year undoubtedly we are going to meet an even greater demand from the Congress for some additional form of burdensharing in Europe. What is going to be your response to that?

General **GALVIN**. Well, each year we have looked at that and I think we have had response from European nations. Certainly right now we are building a new multinational force which will change the proportions of the U.S. commitment in Europe to some degree.

In other words, we will have a corps of two divisions, for example, in the ground forces, whereas the Germans will have three corps there. Two of these will be multinational.

I believe that we will see more host nation support than we have before. We will have to as we begin to consider our forward-deployed force as an intermediate base and also as a contingency force. So the need for high mobility is going to result in additional support in terms of use of rail and use of ports, just as we saw enormous support for us as we moved the 100,000 people to the gulf from the central region this year: 340 trains, for example; all of the clearing of dockage areas at the ports; all the other efforts that these nations made for support.

I think that we have moved into a new era in terms of burdensharing, and we will continue to see that this year and in the years ahead.

Senator **STEVENS**. Well, I do not think it takes a crystal ball, General, to anticipate we will have a German type amendment this year that will say that, unless there is a substantial increase in support for those troops that will remain in Germany, they should be withdrawn.

Both of those amendments, as I said, for Japan and Korea passed last year. That one is going to pass this year.

Now, the real question is to you: I would like to know, I think the committee would like to know, is there a basis in Germany for increased support of our troops remaining there?

General **GALVIN**. Yes; there is a basis for increased support for us.

Mr. **HADLEY**. I think, Senator, one of the things we need to do is pursue this. I think the allies need to do more. I think, while some were a little slow off the line, I think the point that General Galvin made was that, in terms of Desert Shield and Desert Storm, we did see a lot of shouldering of the burden by our allies.

We think this needs to continue. One of the reasons we have had this discussion about a European security identity is because a number of Europeans feel that that is something that would allow them politically to do more in conjunction with the United States in areas outside of the traditional NATO area, and that is something we want to encourage.

I think also we need to keep in mind some of the things—all of us have an enormous burden in ensuring the success of what is going on in Eastern Europe in terms of political and economic reform, and that is something where the Europeans have taken a role and we need to encourage them to take a role.

But I think we need to move across the board on a broad front, and certainly the one you suggest is an element on which we have to pursue as well.

Senator **STEVENS**. Well, that is encouraging, because I think the amendment will pass. I do not know about the chairman. That is my reading of it this year.

NATO INFRASTRUCTURE FUNDS

As we have reviewed your statement, General, and the testimony at the military construction hearing earlier this year, it appears that the United States will spend about $190 million for new housing for military personnel and their families worldwide outside of NATO, but it will spend almost $380 million as the U.S. cost of the NATO infrastructure fund for Europe.

In other words, the cost of housing in the NATO area for the United States will be twice as much as the cost of housing for military personnel and their families worldwide. In view of the decline of our force structure there and also in view of the statement of the Secretary regarding the closing of almost 200 facilities in Europe, can you tell me, was that NATO infrastructure funding prepared before the Secretary's base closure plans?

Has it been adjusted on the basis of those plans, or is this still a net amount? Should we still look forward to spending twice as much in the NATO infrastructure fund as the U.S. contribution as we spend directly for U.S. military housing worldwide, including the United States, I might add?

General **GALVIN**. Let me say first of all that, in terms of housing, to take that away from the infrastructure part, because they are really two things.

Senator STEVENS. I understand that, and Steve has just told me I have implied that the NATO infrastructure fund is just housing. It is more than housing, I realize that.

General GALVIN. Yes, sir.

Senator STEVENS. But it is still a comparison, that our contribution to Europe's infrastructure fund is twice as great as the money we will spend for U.S. military personnel and their families for housing worldwide.

General GALVIN. Yes, sir. Let me simply take up that answer in its various categories. First of all, when it comes to the military construction funding, we are really at our lowest level of requests that we have had in recent history, with $62 million for the entire European Command.

That compares, for example, with about an average of about $1 billion in 1987, of which a little over one-half, or $600 million, was approved. Last year I requested 57 projects for Europe at $273 million and I got 8 projects at $22 million for all of Europe.

This year I have asked for $62 million. These are not housing projects as there are no housing projects in Europe right now, with one exception that I will come to when I talk about the infrastructure.

We are talking here about such things as gravel crushers and a few very specific things that I need in a few areas. But that is a very, very small request. It is almost zero compared to what we have had over the years there, and that is the request I am making at this time.

We have dropped down; $62 million is a lot of money. But compared to what the request was in earlier years, we have slashed our request in recognition of the austere future. We have so far announced the return of 200 installations to host-nation control, and will continue to reduce a significant number of installations. We will continue to announce these cuts periodically.

Now, on the infrastructure fund, Senator Stevens, as you know, the United States pays 27.8 percent of the overall NATO infrastructure funds. By the way, it gets back in terms of money that is spent in its own bases, some of which are now in the United States, like about $100 million worth in the United States, it gets back about 28 or 29 percent.

It pays 27 or almost 28 percent, but it gets back more than it puts in in terms of bases that serve directly the United States.

The major one that is in that infrastructure program right now is Crotone, and that is the only one where there is still a question of how the housing is going to be paid for. But as I believe you know, there are initiatives which we are still working for the housing, which may allow the possibility that housing would be paid for over a number of years interest free, which is very favorable for us.

RESIDUAL VALUE

Senator STEVENS. Well, you know, the problem that I see is that we have got residual-value negotiations going on with the facilities we are going to turn over to the Germans. On the other hand, we have got this NATO infrastructure fund that is building additional items on bases we will continue to use. And I am told that even in the NATO infrastructure fund, that over 1 billion dollars' worth of projects already initiated have been canceled now.

We contributed to those. Will we have any residual value coming back out of those?

General GALVIN. Yes, sir.

Senator STEVENS. Why can we not arrange something that reduces the outlay from the United States and move the funds around in Germany, so that the Germans take over the facilities we are giving up and they improve the ones we are going to keep?

General GALVIN. First, the residual value. As we close each installation there will be a residual benefit that we could receive based on what we have put into those installations, worked out on an equitable basis with what the Germans have put into them over the four decades that we have had them.

In terms of the NATO infrastructure, you are correct, it should come down now because we are facing an austere time. We cannot do all the things that we had planned to do in the past, and I am working on that right now.

We have gone through, just as with the strategy this year, a series of negotiations with the other countries to see what infrastructure programs are going to be drawn down, cut back, or eliminated. We are coming in with a much smaller infrastructure slice over the next 5 years. I cannot say exactly when that will happen, but it will be soon.

Senator STEVENS. I thank you for that.

I really think that, as MilCon was reduced last year, you are going to face a similar problem this year unless there is a better understanding of what the residual funds are going to be and whether there is any offsets there. I would think that the offsets would be easier to make available than new money this year.

THEATER MISSILE DEFENSE INITIATIVE

Let me shift to just one other area, Mr. Chairman. That is, we had a briefing yesterday on the theater missile defense initiative and on SDI as it is currently restructured, and it appears to me from the conversations I have had here that most Members of Congress see that the upgrading of the Patriots and the improvement of the Arrow and the Thad and other missiles are of higher priority than any of the SDI.

I see it differently. I see it on the basis that the theater missile defense initiative really is more of and ought to be more of a concern to the countries in Europe than it is for us. Of course, we want to upgrade the Patriot and to pursue the Arrow, but really our greater interest ought to be in trying to perfect some nonnuclear response to the potential for a nuclear attack against the United States through an unauthorized launch, an accidental launch, or a terrorist launch.

I am worried that I do not see the kind of interest coming out of the NATO forces, NATO countries really, to indicate any willingness to participate in the theater missile defense initiative. Am I wrong? Is there interest there in participating financially in that initiative, or are we going to have to bear both of them alone?

Mr. HADLEY. I think we may have—I think it is early to tell. I think we may have a good story here to bring to the Congress. The

President in January reoriented the SDI program toward what we call GPALS, and it has as elements both the theater defense element, ground-based CONUS defense—sorry, ground-based defense of the U.S. territory.

Senator **STEVENS**. We were briefed on that.

Mr. **HADLEY**. Right. We have now taken that briefing to the allies formally and we have seen a lot of interest, much more, quite frankly, than we did in the old phase 1 concept. And we have seen particular interest in the theater defense area, and a number of those countries have indicated that they would like to participate.

We are at an early stage of those discussions. Quite frankly, what we have seen in the gulf has really brought, particularly with respect to our European allies, has brought in focus that this is a real threat with which they have to deal. So we are in an early stage of those discussions, but they have been quite positive, both about the concept and the possibility of participation, either participating with us or developing independently theater defense systems that could be compatible and interoperable with our own.

So we are hopeful. We would like to have them help share the burden of this with us, and we have engaged with them in a discussion on this possibility.

Senator **STEVENS**. Well, that is encouraging. I just left another briefing that we had around here on what developments are in the Soviet Union and the prediction is that we are going to watch the total disintegration of the Soviet Union here unless we do something about it. And the debate is whether we should do something about it.

We, in my judgment, ought to keep in mind the number of those missiles that the Soviets have over there that really basically threaten us. Those ICBM's were not built to basically threaten anyone else but us, and they are out there and they are not really subject to much control if there is a disintegration of the Soviet Union, and we really do not have any answer to them if they are sort of split up on any kind of basis to new republic type of governments that will have a fractionated military and, probably, antagonism between one another.

It seems to me we are going into a period of real, real stress as far as our ability to defend against those missiles if they get in the wrong hands, and that we ought to be moving as rapidly as possible toward some kind of defense against the intercontinental missiles and let the NATO people develop the theater missile defense system themselves.

My projection is, it is just the other way around, the sentiment in the Congress is just the other way around right now, and we will lose SDI this year and we will keep the TMDI. Now, I hope I am wrong, but that is my reading of the sentiment in the Congress right now.

Mr. Chairman?

Senator **INOUYE**. Senator Stevens is very seldom wrong.

I would like to recognize now the chairman of the Military Construction Subcommittee, and I think your participation is most appropriate and meaningful at this time.

Senator SASSER. Thank you very much, Mr. Chairman. It is a pleasure for me this morning to join with you in welcoming the distinguished Commander of U.S. Forces in Europe, General Galvin.

I might say here in General Galvin's presence it is my view that he is one of the most distinguished general officers in the Armed Forces of the United States today. I have had the pleasure to work with him on a number of other matters in years past and he really truly does an outstanding service for our country.

CROTONE

There was some mention this morning prior to my arrival of funding the base at Crotone and, as you, Mr. Secretary, know, and as General Galvin knows, we put a prohibition during fiscal year 1991 on any additional funding for the base in Crotone, Italy. It is currently my intention to seek to continue that prohibition into fiscal year 1992.

Now, I am told, and I learned just yesterday, late yesterday afternoon, that the Department is beginning to brief a new basing plan for the 401st at Crotone. I have not been briefed on it yet. I understand my staff may be briefed on it later this afternoon.

But I hope, in the new plan being presented, we will find that some of the concerns of the Congress have been answered. Frankly, I do not believe that, Mr. Chairman, that the Congress is going to build a new $800 million air base in Italy at a time when we are closing dozens of bases all across the United States.

Now, I would point out that the 401st was effectively deployed in the gulf for Desert Storm from the present base in Spain. Now, the present base in Spain that we have got to vacate is further away from the Persian Gulf than some of the air bases that we are planning to close in Germany. So it appears to me that we ought to give some consideration to saving a substantial amount of money and putting the 401st into an air base in Germany that might otherwise be closed, the logic being if we did this the F–16's of the 401st would be closer to the gulf there than they are currently, based in Spain.

Senator STEVENS. Would the Senator yield just a second?

Senator SASSER. I would be pleased to yield to the distinguished gentleman.

Senator STEVENS. I want to apologize, Mr. Chairman. I have to leave for another meeting.

But I, too, General, share the feelings expressed by Senator Sasser, and I want to thank you for staying where you are and for giving us the advice you give us. We may not always seem grateful, but we are. We are very grateful to you for your services.

General GALVIN. Thank you, sir.

Senator INOUYE. These two men have spoken for the committee, sir.

General GALVIN. Thank you, Mr. Chairman.

Senator SASSER. Mr. Chairman, I am pleased to yield to Senator Stevens for that statement. I am very pleased to hear that. Of course, we all agree with what he said.

But back on the subject of Crotone, I understand that we have already contracted for construction of the runway at Crotone and a case might be made that we do have an obligation to the Italians to complete the runway. But a bare base at Crotone, in my view, would meet that obligation, and we could rotate elements of the 401st into a German air base, where we already have maintenance shops, family housing, a golf course, and then periodically deploy to Crotone, as we currently do the wing at a base in northern Italy.

Now just let me make it clear what the problem is. It is not a wish to be arbitrary and certainly it is not a wish to cause undue difficulties for General Galvin or others. But my subcommittee also funds the base closure account, so I am very familiar with the hardships that these base closures will create.

Now, Senator Johnston of Louisiana, a valuable member of this subcommittee and a valuable member of the Military Construction Subcommittee, is going to have to close England Air Force Base in Louisiana. The Air Force has told us that the closure of England will result in a population loss of 10,000 people, a direct and indirect job loss of 5,700 jobs—that is 10 percent of the jobs in that region—an income loss of almost $100 million annually.

That is being repeated all across the country. Senator Hollings, another very distinguished member of this committee, has indicated that he cannot understand why we are building a base at Crotone and closing the base at Myrtle Beach. He is going to be very unsympathetic—I cannot speak for him, but I understand he is very unsympathetic with building a base at Crotone while we are closing his base.

Now, that is one of the problems we have, and how do we tell some of these Senators that we are going to approve an $800 million base in Italy when there might be another option and another way to approach it? Now, that is our problem and I just wanted to lay it out this morning for you, Mr. Secretary, and also for General Galvin during your appearance here. And I appreciate your forbearance in listening to me.

I do not have any questions, Mr. Chairman. Thank you.

Senator INOUYE. Thank you very much.

Mr. Secretary and General, what Senator Stevens brought up, augmented by the statement of the chairman of the Military Construction Subcommittee, describes a major problem that we all face here at this moment. It might not be easy, but I think an extra effort must be made to point out the importance of an air base such as Crotone as part of the whole strategy there.

DRAWDOWN

Oftentimes we lose the fact that we are part of an international effort in NATO, and that brings me to this question. Before Desert Shield and Desert Storm, you were called upon to reduce your level of forces there. Then everything erupted, and I would assume that that caused you a few problems to stay within that schedule.

Add to this, although ~~Congress did not~~ consider this, I would suspect that there are other agreements that come into focus at this moment, such as the status of forces, agreements that you have with communities. What sort of problems are you now facing, and anticipate facing, in bringing about the reduction as mandated by the Congress?

General GALVIN. Mr. Chairman, there are a lot of problems that we face in making the drawdown, but there are not insuperable problems. I have a fairly clear idea, and it is getting clearer every day, of how that drawdown needs to take place over the next 5 years.

I believe that we can make a plan that will be a reasonable one, that the administration and the Congress will find reasonable also, to first catch up on the planning that we had done before in terms of drawing down. We had an interruption, to say the least, over this year in having to send almost 100,000 forces to the gulf, some of which were planned to be drawn down this year.

Now we are in the process of returning those forces back to Europe and going ahead with our program. Needless to say, we are behind the schedule we would have been on, but we have a plan to catch up within the next 18 months and be back on schedule for the drawdowns that have to take place.

I will be in a better position when I know for sure what those numbers are supposed to be over time. I have made recommendations and there is discussion going on at this time.

But I do not see right now, Mr. Chairman, any real problem, besides, of course, the efforts that it takes to close installations, to reorganize units, to do that in a way that leaves us in a good readiness there, with still good capabilities for training and with good quality of life. So I think we can move on that.

Mr. Chairman, I might interject a question, if I could. I would at some point like to make a statement which would be roughly in answer to comments made by Senator Sasser about Crotone, because I think it is very important.

Senator INOUYE. I would invite you to do that, sir, because it will be a major issue before us.

General GALVIN. Thank you very much, Mr. Chairman. First of all, I would like to make a statement in terms of my responsibilities in a strategic sense in Europe. The defense there is not going to be centered on the central region only or emphasizing the central region only, as it has been for many, many years of the cold war.

Now we see that we have to have a broader approach to this, but at the same time we will have smaller forces. When we finish the reductions in Europe, I will have roughly three to four wings left there.

Definitely under those conditions I would want a wing in the southern region of NATO, a U.S. Air Force wing. This is the true combat power of that region besides the Sixth Fleet. The Sixth Fleet, itself, will probably come down somewhat in size.

In order to provide the kind of support that we should provide as our part of our commitment to NATO, we should try to reinforce the existing capabilities of the other nations. The way that we can do that is with air-delivered combat power, and we saw what that could do in the gulf.

But in addition to that, we have to be prepared for all of the possible contingencies within a reasonable range of Crotone. And we also have to see that Crotone is a base in the pure center of the Mediterranean, and the Mediterranean is the area of throughput to any place in the Middle East or Southwest Asia. So in a strategic sense, there could be no more important base in Europe than Crotone.

Now, in terms of burdensharing we should remember that we would pay about 28 percent, a little less than that, for a base that we are going to use, and the rest of that base will be paid for by NATO.

BASE CLOSURE

In terms of relationship to base closures in the United States, I do not think we should look at it in terms of one base being opened in Europe and many bases being closed in the United States. We have already announced that we will return over 200 bases, 200 installations to host nation control. Additionally, it's important to realize European bases differ from CONUS bases. While a CONUS base is usually one large piece of property, European bases are typically composed of individual installations scattered across the landscape. For example, the Army base in Stuttgart is composed of 43 installations—43 separate pieces of real estate. Of the over 200 installations announced for closure, 12 are from the Stuttgart base.

But again, we have announced the closure of 200 installations. We will be announcing more closures in the immediate future. Furthermore, we are aggressively pursuing the closure of these installations and several installations have already been returned to the host nation such as the installations associated with the bases Nea Makri and RAF Wethersfeld.

So there is one installation which we would share the cost with NATO, ourselves paying about one-third, under one-third of that cost, and there are many, many installations that we will be closing and in which we will receive compensation over time as we return them to control of the host nation.

We are down now to a figure for Crotone that has really dropped, and I would like to make that a matter of record. We initially were talking about our share, the United States, back in 1989 as $425 million. We dropped that in terms of refining and cutting and shaving on that to $320 million in 1990. We then acceded to the idea of two squadrons being permanently based there instead of three. I very much wanted three, but we acceded to two, which dropped the cost to $288 million.

We are now looking at a cost, when we take out operational capabilities, logistics capabilities, administrative capabilities, and community capabilities in there, of $188 million if we do not count the question of housing, which is still unresolved. There is a possibility that we would get some assistance on the question of housing.

But even if we do not, my own estimate of that if we have to go with the housing would be something like $258 million. So we are talking about a drop from $425 million in consideration of the desire of the Congress to shave this, to cut this, to get it back to the absolute bare bones, down to somewhere between $188 million and $258 million. That is, I think, a significant new number to be looked at and studied in this.

In terms of a base in Germany which could be used to reinforce the southern region, the question here is early response. It is going to be very difficult to try to get early response in the southern region out of a base that is in the central region. You cannot get the equivalent capability there.

There is a question when you are trying to defend making sure that you are capable of defending your right and left flanks as well as your center. Now, it also would be very difficult to try to say that we are going to place aircraft and basing in Germany which is not going to be used anywhere near Germany, but might be used in Turkey. This one is a little bit hard from an operational sense as well as a strategic sense to swallow.

So I would like to conclude, Mr. Chairman, on the question of Crotone that really is the most important priority I have, and that I have laid out before my military and political leaders back here in Washington.

Senator INOUYE. I would like to assure you personally, because I cannot speak for the committee, but I am very supportive of the move. But we would like a little more detail on this. Am I to conclude that we will be paying for family housing in Crotone?

General GALVIN. I do not believe you should conclude that, Mr. Chairman. We do not really have the final answer to that yet. There is the possibility that we would be able to lease housing and pay for it over a 20-year period. This would be a very favorable thing since it would be interest free and we would benefit from the time value of that money.

There is the possibility of a commercial interest, that we might be able to work with that. So we are looking at a set of options. I do not have that pinned down yet. So, therefore, what I have said—I cannot just come in here and say I do not know, so what I have said is if we are able to be successful in a venture on the housing, then the cost for or share would be only $188 million.

If we are not successful with that, then the cost could grow as we look at that over the range of options. But the maximum that I believe it could grow to would be about $258 million from $188 million.

NATO INFRASTRUCTURE REGULATIONS

Senator INOUYE. I would like to also know if—I do not know if you can provide this answer at this time, but would NATO pay or consider paying for the normal infrastructure, such as gyms, child care centers, you find in other areas?

General GALVIN. First, let me say that NATO has been very flexible about this Crotone base. The NATO infrastructure regulations say that NATO will not pay for things that have to do with morale and welfare and recreation of national interest to a given country, that they will pay for the base but they will not pay for things like that.

That would not be shared. That would belong to the Nation that was going to actually utilize the base. What we have done on that is we have looked at that ourselves and we have cut back on the original amount of morale, welfare, and recreation moneys that would go into that base.

Senator INOUYE. Your statement about 200 bases or units, this is the first time I have heard that number. I think it would be extremely helpful as we proceed in our debate on base closing that this committee be provided to the detail extent possible where these closures are going to be made, how many people involved, and what sort of amounts can be recouped from that.

I think it would be helpful to say that we are closing bases in NATO, because the impression is while we close they build in Europe, and that would be most difficult to sell.

Mr. HADLEY. We will provide that to you.

[The information follows:]

Attached is a list of overseas sites that have been announced as being returned, reduced, realigned, or placed in standby operations.

A reasonably accurate estimate of the number of people involved is not available at this time. The transfer and return of personnel associated with the return or partial drawdown of the sites announced is an ongoing process and could be subject to several changes over the next 2 years.

The total amount of compensation that may be recoupled for returned facilities will be the result of negotiations with host governments. Within the provisions of existing bilateral agreements, the United States intends to seek maximum compensation from host governments. As a general rule, our initial negotiating position is calculated by taking the sum of all facility investments and adjusting that sum for inflation and age and condition of the facilities. Host nations can be expected to offset U.S. claims for residual value by submitting host damage claims including envi-ronmental restoration. Because any amounts or consideration received is the result of negotiations, the total net compensation expected cannot be determined in advance with any degree of accuracy.

OVERSEAS SITES
(Return/Reduce/Realign/Standby Operations)

Australia

- Other facilities (3 sites)
  - Harold E. Holt Communications Station (Main Site)
  - HF Receiver site
  - VLF Transmitter site

Bermuda

- Bermuda Naval Air Station (reduce)
- Other facilites (1 site)
  - Naval Facility, Bermuda - Main site (reduce)

Canada

- Naval Facility Argentia - Main Site (reduce)

Germany

- Ansbach Military Community (1 site)
- Aschaffenburg Military Community (7 sites)
- Augsburg Military Community (6 sites - 1 reduce/5 return)
- Bad Toelz Military Community (Return - 9 sites)
- Bamberg Military Community (3 sites)
- Baumholder Military Community (1 site - reduce)
- Darmstadt Military Community (1 site)
- Frankfurt Military Community (5 sites - 3 reduce/2 return)
- Fulda Military Community (4 sites)
- Giessen Military Community (4 sites - 1 reduce/3 return)
- Goeppingen Military Community (3 sites)
- Grafenwoehr Military Community (6 sites)
- Hahn Air Base (Reduce)
- Hanau Military Community (5 sites - 1 reduce/4 return)
- Heilbronn Military Community (4 sites - 2 reduce/2 return)
- Hessich Oldendorf Air Base (Return - 5 sites)
- Karlsruhe Military Community (2 sites)
- Lindsey Air Base (3 sites)
- Mainz Military Community (2 sites - 1 reduce/1 return)
- Mannheim Military Community (2 sites)
- Munich Military Community (12 sites)
- Neu Ulm Military Community (Return -21 sites)
- Nuernberg Military Community (3 sites - 1 reduce/2 return)
- Pirmasens Military Community (1 site)
- Rheinberg Military Community (1 site)
- Sembach Air Base (1 site)
- Stuttgart Military Community (11 sites - 1 reduce/10 return)
- Worms Military Community (2 sites)
- Wuerzburg Military Community (4 sites - 1 reduce/3 return)
- Zweibruecken Air Base (Return - 5 sites)
- Zweibruecken Military Community (4 sites)
- Other facilities (2 sites)
  - Alhorn Air Base (tenet activity Alconbury)
  - Wanna Communications Annex

Greece

- Nea Makri Naval Communications Station (Return - 3 sites)
- Hellenikon Air Base (Return - 12 sites)
- Other facilities (3 sites)

Italy

Comiso Air Base (Return - 3 sites)
Other facilites (4 sites)

Japan

MCB - Camp S.D. Butler, Okinawa (1 site - realign)
Naval Air Facility, Kadena, Okinawa (realign to USAF)

Korea

Kwang Ju Air Base (Return)
Suwon Air Base (Return)
Taegu Air Base (Return)
Other facilities (12 sites)
  Trans Korea Pipeline (8 sites - 3 reduce/5 return)
  Communications sites (4 sites)

Philippines

San Miguel Naval Communications Station (realign)

Spain

Torrejon Air Base (Return - 9 sites)
Zaragoza Air Base (2 sites - reduce)
Other facilities (3 sites)

Turkey

Erhac Air Base (Return)
Eskisehir Munitions (Return)
Samsun, Ankora Air Station (1 site)

United Kingdom

Army, United Kingdom (2 sites)
RAF Bentwaters (2 sites)
RAF Fairford (Return - 5 sites)
RAF Greenham Common (Return - 10 sites)
RAF Kembel (2 sites)
RAF Sculthorpe
RAF Wethersfield (Return - 2 sites)
RAF Woodbridge (Return)
RAF Upper Heyford (Standby)
Submarine Base Holy Loch

CROTONE BASE SCRUBBED

Mr. HADLEY. I also would like to emphasize that we have very much tried to be attentive to the concerns of the Congress with respect to Crotone. There has been a major scrub of the base that was conducted by EUCOM. NATO has conducted their own scrub to get the costs down and the briefing that summarizes that, the results of that effort, is available. We have been briefing staffs and we would be very pleased to bring that briefing to any member who would like to see it.

But we think we have a good story to tell, that will be reassuring and speaks to many of the concerns that members of this committee and the Congress generally have raised.

Senator INOUYE. I think that would be extremely helpful.

With the drawdown and the change in circumstances in Europe, am I correct to assume that there will be a relaxation in the level of readiness of our forces?

LOWER LEVEL OF READINESS

General GALVIN. There will be a lower level of readiness, Mr. Chairman, because the warning time is going to stretch well beyond what we used before. What we used before had aircraft on strip alert and we had around-the-clock air defense.

We will be drawing down on that. We also had the ground troops ready on a 48-hour string. Now that will drop from hours to days and sometimes weeks, which will mean that for an air defense missile unit, instead of having three or four crews that work around the clock you might have one or two crews.

The drop in readiness level is acceptable in terms of the situation with the movement back of the Soviets providing greater warning time.

Senator INOUYE. This relaxation in the level of readiness, will it mean that your training program will also be reduced and there will be fewer joint exercises?

General GALVIN. The training program would be reduced only because the number of people being trained is reduced. In other words, the training costs overall would be reduced as the troops are withdrawn. But the training levels and the training standards are not the same as the readiness levels. Readiness means when you are available, but when you are available you have to be trained just as well as you were before.

JOINT EXERCISES

Senator INOUYE. So you will still maintain your joint exercises, too?

General GALVIN. Yes; we will Mr. Chairman. We have shifted a lot to simulations because of the greater capabilities of computers and our ability to use them to construct situations. Because of that, at all levels we have less training out in the open countryside, but we have a very concentrated training in the Combat Maneuver Training Center in Europe, which is the only place there where we can continually train battalions to operate, and then we have the Warrior Preparation Center where we train colonels and generals on how to orchestrate. And we have seen the results of that, I think, in places like the gulf.

Senator INOUYE. Will this translate into savings?

General GALVIN. Yes; it will, Mr. Chairman. In terms of the peace dividend, if you cut the number of forces you are going to cut the budget, obviously, for those forces. But I think there are one or two considerations that I would like to bring up.

I think there will be some disappointment about the peace dividend initially because of the things that have to be done which any businessman would see as the cost of change. If we are going to reduce the forces and close installations and take care of the environmental questions and reorganize the units and ship people home and shift equipment around, all of these things amount to the cost of change.

But then in addition to that, we are going to see inflation move along in these years just as we have in the past. And in addition to those two considerations, we are going to see the rising cost of high technology, and it is high technology that allows you to have that fighting edge.

So we will get the cut. There is no doubt about it that budgets will be lower, but they probably will not be as low as those people think who do not recognize this question of the cost of change and the inflation in various ways that takes place.

Senator INOUYE. Will you also assist the committee by submitting, to the extent you are able to do within the rules of classification, a broader picture of what the Soviets have strategically and conventionally facing NATO, its capabilities, down to the detail that you have mentioned of mobilizing 45 divisions in 45 days?

I would like to have my committee have a bigger picture of potential threat that you will be facing there at this moment or in the foreseeable future. I think that would be extremely helpful.

General GALVIN. Yes, sir.

Senator INOUYE. If you would include in that not just personnel, but the equipment, because that is very important.

General GALVIN. Yes, sir; I will do that.

[The information follows:]

[Deleted.]

Senator INOUYE. Well, once again I find myself intrigued by the challenge before us. Maybe the word "intrigued" is not the right one, but I think it calls for getting our heads together and working, because what we decide this year I am convinced will have a major impact on the next decade in Europe.

So I hope that our decisions will be the correct ones, and to assure that I hope you will continue to help us, sir.

Mr. Secretary, General, I thank you very much for this most insightful testimony and responses to our questions, and we look forward to the additional information you will be forwarding to us.

ADDITIONAL COMMITTEE QUESTIONS

[CLERK'S NOTE.—Additional questions submitted by subcommittee members, together with the Department's responses, will appear in the appendix portion of the hearings.]

SUBCOMMITTEE RECESS

Senator INOUYE. The subcommittee will recess until next Tuesday, May 14, at 2 p.m., in SD–138. At that time we will examine issues related to the voluntary military service, the role of women in the military, and the status of the military family.

Thank you.

[Whereupon, at 10:15 a.m., Thursday, May 9, the subcommittee was recessed, to reconvene at 2:30 p.m., Tuesday, May 14.]

DEPARTMENT OF DEFENSE APPROPRIATIONS FOR FISCAL YEAR 1992

TUESDAY, MAY 14, 1991

U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, DC.

The subcommittee met at 2:38 p.m., in room SD–124, Dirksen Senate Office Building, Hon. Daniel K. Inouye (chairman) presiding.

Present: Senators Inouye, Stevens, D'Amato, and Domenici

DEPARTMENT OF DEFENSE

OFFICE OF THE ASSISTANT SECRETARY OF DEFENSE

ALL-VOLUNTEER FORCE

STATEMENT OF LT. GEN. DONALD W. JONES, USA, DEPUTY ASSISTANT SECRETARY OF DEFENSE, MILITARY MANPOWER AND PERSONNEL POLICY

OPENING STATEMENT OF SENATOR INOUYE

Senator INOUYE. This afternoon we will be hearing from three different witnesses on topics of interest to us: the all-volunteer force; the changing role of women in the military; and family support programs.

Since last August, Operations Desert Shield/Storm have dominated our attention. The brilliant victories attained by military forces of the free world in the Persian Gulf have had, and will continue to have, profound effects on our Military Establishment, and today we will look upon some of these effects.

When the all-volunteer force was instituted in 1973 there were skeptics who felt that we would never be able to sustain a military composed of volunteers without any recourse to a draft.

Indeed, many high-ranking officials in the Department of Defense, both military and civilian, had grave doubts that an all-volunteer force was possible or even desirable.

After a rocky start, as volunteers replaced involuntary draftees, the quality of personnel in our armed services began to rise, discipline problems grew fewer; problems with drug and alcohol abuse began to be addressed and be diminished; women began to assume an increasingly important role as members of the Armed Forces; the importance of the military family as an integral part of the Military Establishment began to be recognized.

If there was still any lingering doubts about the value of an all-volunteer force to our country, those doubts were surely laid to rest by the extraordinary actions and services performed by the members of our military services in the Persian Gulf.

We now have a force composed of professionals, well trained and dedicated to the defense of their country and the free world, and we owe them a great deal of gratitude which we will never forget.

We have asked our first witness, Lt. Gen. Donald W. Jones, the Deputy Assistant Secretary of Defense of Military Manpower and Personnel Policy, to discuss the all-volunteer force.

INTRODUCTION OF GENERAL JONES

General Jones, we have received your formal statement, and it will be made part of the record.

General JONES. Thank you, sir.

Senator INOUYE. I have been advised that you will soon be leaving us——

General JONES. Sir, after 34½ years, I think it is probably time to let some of the younger crew come on and take on some of the responsibilities.

Senator INOUYE. I would assume that this may be your last appearance before this committee.

General JONES. It probably will be my last appearance. They got me one on the House side and one this afternoon on the Senate side, so I guess that is the proper way to go out.

Senator INOUYE. As you do, on behalf of the committee, I thank you for your service to the country.

General JONES. Thank you, sir.

Senator INOUYE. It has been a great one, and we shall long remember your contributions, sir.

General JONES. Thank you for those very kind remarks, sir.

Senator INOUYE. Please proceed, sir.

SUMMARY STATEMENT

General JONES. Mr. Chairman, I am proud to appear before you today to discuss our all-volunteer force, a real success story, as Operation Desert Storm has clearly demonstrated, today's volunteer military can fight and win and be more effective than one composed of people compelled to serve.

Over the last 10 years the Congress, the Department of Defense, and the administration have worked together to resolve the unfavorable military manpower condition created in the 1970's.

We learned the hard way that a short-term budget reduction affecting recruiting resources and quality of life programs could have a long-term impact on military readiness. The cumulative effect of years of inadequate compensation and funding for our recruiting programs made it nearly impossible to recruit and retain quality people.

Despite our success with the volunteer force, the notion of returning to conscription continues to receive some interest. The draft was a major topic of discussion during the early stages of Operation Desert Shield, but interest in the draft waned with the success of Operation Desert Storm.

Typically, criticism of the volunteer force stems from the mistaken belief that a draft will produce a higher quality, more representative, and less expensive force. A common misperception is that we could improve recruit quality by returning to conscription.

RECRUIT QUALITY

There is absolutely no evidence to support this position. In fact, we have significantly improved recruit quality under the volunteer concept. For example, 95 percent of the new recruits entering the Armed Forces in 1990 had a high school diploma compared to 71 percent during the draft era.

Additionally, in 1990, 97 percent of our new recruits scored average or above on the Armed Forces qualifications test and during the draft era only 80 percent scored average or above on the AFQT.

Our 17-year experience with the volunteer force offers conclusive evidence that given fair and competitive compensation and adequate recruiting resources, we can attract higher quality of volunteers that those conscripted during the draft era.

Now with regard to the social representation of the volunteer force, we do not believe that the socioeconomic or minority compensation is in any way inappropriate. We have learned through research that recruit's socioeconomic status is similar to that of their civilian counterparts, and that recruits do not overrepresent the lower socioeconomic strata of our society.

In terms of minority representation, we are proud of the Department's record of equal opportunity. Our primary concern in selecting military members is quality, and as I have described is extremely good. Our policy is to offer military opportunities to all who volunteer and qualify.

COMPENSATION

Now despite claims to the contrary, no one has yet demonstrated that a return to the draft will save money. Direct manpower costs of the volunteer force are the result in force structure and increases in the military compensation package.

Factors leading to increased pay such as the introduction of annual military pay increases in the mid-1960's and the Rivers amendment of 1967 existed prior to the volunteer era. These increases in manpower costs would have occurred to some degree even under a draft system, since the policy decisions recognize the right of military members to fair and equitable compensation whether volunteer or conscript.

After years of neglect in compensation and quality of life in the 1970's, we finally realized that the retention of quality, experienced personnel was a key to our readiness. In the decade of the 1980's, the Department and Congress took action to reverse in a decline in our readiness capability by committing resources to improve pay, bonuses, living conditions of our military personnel. The positive effects were immediate and continue today.

HEALTH OF VOLUNTEER FORCE

The current recruiting environment is also healthy. Thus far in 1991, the services are doing extremely well, attracting an enlisted higher quality young men and women than ever before.

We are optimistic about future recruiting successes; however, there are many factors that could adversely influence the recruiting environment. We are not sure what effects the drawdown or Operations Desert Shield/Desert Storm will ultimately have on recruiting.

The Department just completed a review of recruiting and advertising resources in the context of the drawdown. Our study revealed that the 1991 recruiting budget reductions parallel projected and strength requirements and associated accessions.

Our estimates of resources needed for fiscal years 1992 and 1993 match those projected by the services for those fiscal years. Therefore, any additional recruiting resource reductions beyond those effected in the fiscal year 1991 budget would not be prudent at this time.

These funding levels will insure our ability to successfully recruit the quality men and women we will need until we can assess the total impact of the Persian Gulf crisis and the force drawdown.

The resources devoted to our advertising effort have declined dramatically in the recent past. In fiscal year 1991 the Department will spend nearly one-third less on advertising than it did in 1988.

Through years of advertising, the Department and the services, with the support of Congress, have made a large investment in promoting a positive public image of the military services. We must insure we do not jeopardize this favorable situation.

In closing, let me reemphasize that the all-volunteer force is healthy and is working extremely well. Recruit quality and retention are up. Readiness has improved significantly and patriotism is at an all time high.

In view of the overwhelming public support for volunteerism and the lack of any clear cost savings to be realized under a draft, we do not believe it is in our Nation's best interest to return to any form of mandatory military service.

Mr. Chairman, that concludes my summary statement. I would be happy to answer any questions you might have at this time.

[The statement follows:]

STATEMENT OF LT. GEN. DONALD W. JONES

Mr. Chairman and members of the Committee, it is my pleasure to appear before you today to discuss the health and viability of our volunteer military force. As Operation Desert Storm has clearly demonstrated, today's forces can fight and win, and a military of volunteers is more effective than one composed of people compelled to serve.

Since the implementation of the All-Volunteer Force in July 1973, the United States has relied exclusively on volunteers to meet its military manpower requirements. Over the last decade, the Congress, the Department of Defense, and the Administration have worked together to resolve the unfavorable military manpower condition of the late 1970s. We learned the hard way that short-term budget reductions affecting recruiting resources and quality-of-life programs could have a long-term impact on military readiness. The budget reductions of the 1970s yielded short-term savings while producing the most serious manpower crisis in the history of the volunteer force—recruiting shortfalls, low recruit quality, and mass exodus of skilled, trained personnel. The cumulative effect of years of inadequate compensation and funding for our recruiting programs made it nearly impossible to recruit and retain quality people.

With congressional support, in the decade of the 1980s we built the most capable military force in our Nation's history—composed of people who are intelligent, well-educated, motivated, and committed to the defense of our country and its basic principles. The recent, highly successful Operations Desert Shield and Desert Storm exemplified this. Once again, there is a strong sense of pride and dignity in the military profession.

HEALTH OF THE VOLUNTEER FORCE

Despite over 17 years of success with the volunteer force, the notion of returning to conscription continues to receive some interest. It was a major topic of discussion during the early stages of Operation Desert Shield, but interest in a draft waned with the success of Operation Desert Storm. Typically, criticism of the volunteer force stems from the mistaken belief that a draft will produce a higher quality, more representative, and less expensive force. In the next several pages, I would like to address these concerns with the Committee, and reinforce the Department's commitment to the voluntary system as the preferred method of raising military manpower.

RECRUIT QUALITY

A common misconception is that we could improve recruit quality by returning to conscription. There is no evidence to support this assertion. In fact, we have improved recruit quality under the volunteer concept and, for the last several years, have far exceeded recruit quality experienced during the draft era. Table 1 contrasts volunteer force recruit quality with both quality achieved during conscription and the average of the youth population from which we recruit.

Table 1

Quality of Non-Prior Service Enlisted Accessions (Percentage)

	Fiscal Year										
	Draft	Volunteer Force									Youth
	64-73*	74	76	78	80	82	84	86	88	90	Population
DoD											
HSDG	71	61	69	77	68	86	93	92	93	95	75
AFQT I-III**	80	90	95	71	65	85	91	96	95	97	69

* Annual average. The highest high school diploma graduate (HSDG) percent during this period was 78 percent in FY 1966 and the highest AFQT I-III proportion was 86 percent in FY 1973.

** Armed Forces Qualification Test (AFQT) Categories I-III ... average or above in trainability

Simply recruiting sufficient numbers is not enough in today's military environment. For the last several years, the Military Services have placed a great deal of emphasis on recruiting high quality people demanded by modern, high-technology weapons and support systems. Historically, the Services have used two measures of recruit quality: educational level and scores on the Armed Forces Qualification Test (AFQT).

Possession of a high school diploma has been the best single predictor of successful adjustment to military life. A high school diploma graduate has almost an 80-percent chance of completing his or her initial term of service compared with a 60-percent probability for the nongraduate. Enlisted accessions with high school diplomas increased from 71 percent during the draft era to 95 percent in FY 1990. This improvement in quality is particularly impressive considering that only 68 percent of our accessions had high school diplomas as recently as 1980.

The second measure of recruit quality refers to performance on the Armed Forces Qualification Test (AFQT) For reporting purposes, scores on the test are grouped into five categories. People in Categories I and II are above average in trainability and could qualify for admission to most colleges; those in Category III are of average trainability; persons in Category IV are below average; and individuals in Category V are well below average and, by law, are ineligible to enlist.

During the draft era, the proportion of new recruits scoring average or above (Categories I–III) was 80 percent. In FY 1990, 97 percent of our new recruits scored at this level. Again, while this is a large improvement over the quality of the draft era, it is all the more dramatic since only 65 percent of new accessions scored in this range in 1980.

Clearly, the quality of recruits has varied substantially over time. Periods of excellent recruiting (e.g., FY 1975–76 and 1982–90) produced higher quality personnel than during the draft era. Difficult recruiting periods, such as FY 1977–80, were caused by erosions in military pay and benefits and dramatic reductions in recruiting resources. This period was characterized by manpower shortages and reduced recruit quality. However, our 17-year experience with the volunteer force offers conclusive evidence that, given fair and competitive compensation and adequate recruiting resources, we have attracted higher quality volunteers than those conscripted during the draft era.

SOCIAL REPRESENTATION

Another common misconception is that a volunteer force is comprised primarily of individuals from lower socioeconomic levels. Recent press articles, in fact, have incorrectly characterized the socioeconomic and minority composition of the military. This section addresses that issue.

Many assertions about the socioeconomic status (i.e., "class" composition) of the military are based on impressions and anecdotes rather than on quantifiable data. However, the facts show that enlisted military members come from backgrounds that are only slightly lower in socioeconomic status than the national average.

In a recent study, conducted between April and September 1989, we surveyed over 10,000 recruits in basic training and asked questions about their socioeconomic backgrounds. We learned that the majority of recruits' parents had a high school education or better, were married, owned their own homes, and were employed. The contention that the enlisted force is recruited primarily from the lower socioeconomic strata of society is not supported by the facts.

A look at parents' education (Tables 2 and 3) reveals that parents of military enlistees have educational levels comparable to parents of civilian youth.

Table 2
Education of Male Parents for FY 1989 NPS Recruits, with Parents of Civilian Youth (PCY)
(Percent at Each Education Level)

Highest Level of Education	Army	Navy	Marine Corps	Air Force	DoD	PCY
Less than HS Grad.	24	24	24	16	23	19
HS Graduate	35	34	36	36	35	36
Some College [1/]	23	23	21	27	23	18
College Grad.	18	19	18	21	19	26
Total	100	100	100	100	100	100

Columns may not add to totals due to rounding

[1/] i.e., no 4-year degree

Table 3
Education of Female Parents for FY 1989 NPS Recruits, with Parents of Civilian Youth (PCY)
(Percent at Each Education Level)

Highest Level of Education	Army	Navy	Marine Corps	Air Force	DoD	PCY
Less than HS Grad.	22	20	20	15	20	19
HS Graduate	40	41	44	44	41	44
Some College	25	26	22	27	25	20
College Grad.	13	14	14	14	14	16
Total	100	100	100	100	100	100

Columns may not add to totals due to rounding

While recruits' parents included proportionately fewer college graduates and more individuals with less than a high school diploma than parents of civilian youth, these differences were not significant. Moreover, for parents who graduated from high school but did not hold a college degree, recruits' parents were more likely to have had some college than were the parents of civilian youth.

Occupational status of enlisted recruit and civilian parents was examined across 13 major census categories, and appears in Table 4.

Table 4
Percent of Parents in Each Occupational Category by Gender, with Parents of Civilian Youth (PCY)

Occupation	Male Parents DoD	Male Parents PCY	Female Parents DoD	Female Parents PCY
Executive, Administrative, Managerial	12	18	8	11
Professional	8	13	13	15
Technical	3	2	4	3
Sales	8	11	11	10
Clerical, Administrative Support	5	4	29	29
Protective Services	4	3	1	1
Other Services	4	4	21	16
Farming, Forestry, Fishing	3	4	1	1
Precision Production	26	22	3	3
Machine Operators	9	8	8	8
Transportation	10	8	1	1
Handlers, Helpers, Laborers	3	4	2	2
Military	3	*	*	*

* Less than one percent

In general, occupational distributions for recruit and civilian parents were similar. Not surprisingly, fathers of recruits were more likely to be military members than were fathers of civilian youth.

Most recruits are young men and women who have chosen the military, rather than college, as their first step after high school. The majority are probably entering the military as an alternative to the civilian workforce. Many, attracted by military education benefits, are interested in attending college later, but cannot afford it at present. Recruits include sizable numbers of middle and upper middle class youth who have decided to enlist, deferring their college plans.

Perfect demographic representation would exist, in theory, if military manpower were made up of persons who exactly replicated the national population in terms of race, gender, geographic and social origin. In the 1960s, the public had begun to question the demographic composition of the Armed Services, and during Vietnam, the Selective Service System came under attack for deferment policies which favored affluent whites. More recently, critics of the volunteer force have charged that the white upper middle class and upper class may not be doing their part for defense.

Another frequent criticism of the volunteer military is that it is disproportionately composed of minorities who unfairly bear the burden of war. Those who are opposed to Black overrepresentation assume that service in the military is onerous. Evidently, Black members disagree. Not only do Blacks voluntarily enlist, their reenlistment rates are higher than the rates for whites. The Black representation data are informative. In FY 1990, Blacks comprised 22.9 percent of our enlisted active force (Table 5), compared to 12 percent in the national 18- to 44-year-old population. Our officer force is composed of approximately 7 percent Blacks.

Table 5

Blacks as a Percentage of Active Duty Enlisted End Strength by Service and Total DoD, Selected Fiscal Years

Fiscal Year	Army	Navy	Marine Corps	Air Force	DoD
1975	22.2	8.0	18.1	14.6	16.1
1977	25.5	8.5	17.3	14.6	17.4
1980	32.9	11.5	22.4	16.2	21.6
1983	31.4	12.8	20.5	16.8	21.5
1986	29.6	14.2	20.5	17.2	21.2
1989	31.2	16.9	20.7	17.3	22.3
1990	32.1	17.7	20.7	17.6	22.9

In FY 1990, Blacks comprised 20.7 percent of non-prior service enlisted accessions, compared to 13.9 percent in the 18 to 24-year-old population. Since the implementation of the volunteer military in 1973, Black participation has steadily increased, from both a recruiting and retention perspective. Table 6 shows non-prior service enlisted accessions for selected fiscal years between 1975 and 1990.

Table 6

Blacks as a Percentage of Non-Prior Service Accessions by Service and Total DoD, Selected Fiscal Years

Fiscal Year	Army	Navy	Marine Corps	Air Force	DoD
1975	20.0	6.6	17.2	11.4	14.8
1977	29.4	10.7	20.5	11.1	20.0
1980	29.9	13.4	23.3	15.0	22.1
1983	22.0	14.2	17.1	14.3	17.9
1986	22.3	17.3	17.2	13.9	19.0
1989	26.3	21.5	17.6	12.2	21.5
1990	25.2	21.0	17.5	12.3	20.7

Other ethnic groups (e.g., Hispanics, Native Americans) are underrepresented in the military. In FY 1990, Hispanics represented 6.9 percent of non-prior service accessions compared to 11 percent in the civilian population of enlistment age.

Changing the racial or ethnic mix of the military would require the use of quotas by race or ethnicity. Under our current system of voluntary enlistments, the Services make no attempt to regulate the minority or socioeconomic characteristics of new recruits. They do not use social or demographic criteria for enlistment. Enlistment standards are designed to ensure that the best qualified applicants are accepted.

The military offers challenges, compensation, responsibility, and opportunities for service which are based on merit, not membership in a specific racial or ethnic group. Regrettably, equal opportunity is not always a reality in the civilian sector. On the other hand, the Department's equal opportunity success is attested to by the presence of significant numbers of minority members.

We plan to continue to offer military opportunities to those who volunteer and qualify—regardless of race or ethnicity. Our mission is to fill the ranks with those persons whose educational attainment and aptitude scores predict that they will be successful and productive Service members.

COSTS OF THE VOLUNTEER FORCE

Since the inception of the volunteer military, critics have voiced concern over its cost. Despite the criticism, there is no evidence that return to a draft would save money. Analysts have been trying for years to quantify the true costs of the volunteer force. The fundamental problem is determining how much of the military manpower cost growth is attributable to the volunteer system versus normal manpower cost increases over time.

While it is true that manpower costs have increased since the beginning of the volunteer military, they have only increased slightly in real growth (1 percent or about $900 million between FYs 1974 and 1990). The growth is from force structure changes, a move to retirement accrual, added programs such as the Variable Housing Allowance (VHA), and enhanced special pay and allowances. In actuality, increases in military pay from 1977 to 1990 are approximately 9-percent less than the increase in the Consumer Price Index (CPI) and 6.5-percent less than the increase in the private sector component of the Economic Cost Index (ECI) over the same period. Furthermore, factors leading to increased military pay can be traced to actions taken prior to the volunteer era:

Introduction of the "comparability" pay principle for Federal civilian employees in the early 1960s resulted in pay increases for the decade that were greater than those in the private sector; beginning of annual pay raises for career military personnel in 1963 and for recruits in 1966; the Rivers Amendment of 1967, requiring that future military pay increases be equal (in terms of percentages) to those of Federal civilian employees; and large "catch-up" pay raises for career military personnel in 1967–69, resulting from the linkage to Federal civilian raises.

This is not intended as an all-inclusive list of factors that affected Defense manpower compensation costs over the years. Rather, it illustrates that increasing manpower costs are a result of many policy decisions prior to the beginning of the All-Volunteer Force, and would have occurred, to some degree, even under a draft system. These policy decisions recognized the right of military members to fair and competitive compensation, whether volunteer or conscript. For example, the Gates Commission, in recommending transition to a volunteer force, argued vigorously that the pay discrimination against junior military personnel should be eliminated for equity reasons alone—whether or not the draft was ended.

Despite the argument for fair and equitable pay for military personnel, many critics still believe that Defense manpower costs have grown too much—more than they would have under a draft system. This notion, however, fails to consider that personnel costs in the public and private sectors have also increased over the last several years. In fact, since 1980 the growth in wages and salaries in the private sector is about the same as that for the Defense Department. Compensation in the business sector between 1980 and 1990 increased by 88 percent as represented by the Employment Cost Index. Average Regular Military Compensation for all DOD, a measure of military wages per capita, increased by 84 percent. Therefore, pay and allowances under the volunteer concept are clearly in line with wage and salary changes in the public and private sectors during this period. In addition, this period included a military "catch-up" raise to make up for earlier pay caps in the late 1970s.

In an effort to quantify the relative cost issue, the Department developed a methodology for analyzing the costs of returning to a draft versus maintaining the volunteer system. The study assumed lower recruit quality than we are accessing today and a larger first-term cohort, with associated reductions in the size of the career force. The study found no apparent cost savings in returning to conscription; in fact, given the assumptions of the study, a draft could cost an additional $0.5 billion to $2.5 billion yearly.

In 1987, the General Accounting Office (GAO) conducted a review of returning to a draft in lieu of the All-Volunteer Force. In the study, the GAO analyzed budgetary impacts of choosing between draft and volunteer systems for raising U.S. Armed Forces. The GAO concluded that if new enlistee pay was significantly reduced and the force size remained constant, the draft could result in considerable savings, but those savings would not be realized for many years. Moreover, the savings would be achieved at the price of significantly reduced active duty force effectiveness because of the replacement of experienced personnel with 2-year conscripts. The GAO believed that measures to offset the loss of force effectiveness could make the draft more costly than the current volunteer force.

Under the draft, a larger total force would be needed to produce the equivalent effectiveness of the volunteer force. This is because the draft would require a larger number of accessions, since draftees would have shorter initial enlistment periods than volunteers. Consequently, a larger portion of the force would be involved in overhead activities such as participating in or conducting formal and informal training, traveling to a first assignment, or supervising less experienced personnel.

In addition, conscripts are less likely to reenlist. During the draft, first-term reenlistment rates for conscripts were about 10 percent compared to approximately 50 percent for today's volunteers. Therefore, the level of experience in the force would decrease significantly. The GAO study concluded that under a draft, 237,000 first-term personnel would be substituted for careerists. As a result, the career force would decrease by 26 percent, and the number of people in the first 2 years of service would increase by 51 percent.

In evaluating force effectiveness and potential cost, the GAO assumed the draft would produce a force with as many "effective" members as the volunteer force as opposed to being equal in number. The longer the period needed to become fully effective, the larger the estimate of the additional personnel required under the draft. When a 24-month criterion is used, the GAO analysis indicates a conscripted force of about 2.4 million is required to produce the same number of effective personnel as a volunteer force of 1.85 million. As a consequence, the estimated budgetary cost savings associated with the draft diminish and eventually disappear. Using the 24-month criterion, the volunteer force is less expensive than the draft by about $2.6 billion.

Clearly, returning to an unpopular draft system in order to achieve uncertain budget savings would be ill-advised.

RECRUITING AND RETENTION IN THE 1990'S

RECRUITING

Since FY 1980, all Services have met or exceeded their recruiting requirements. This continues to be true in FY 1991. While recruiting was somewhat slow during the early months of Operation Desert Shield, once Operation Desert Storm began, new enlistments surged. Further, as the manpower problems of the late 1970s were corrected, recruit quality also increased, with today's quality now at historically high levels. As Table 7 shows, for the first half of FY 1991, 97 percent of new recruits were high school graduates compared with 91 percent for the same period in FY 1990. The percent of enlistees who scored average or above on the enlistment test (Armed Forces Qualification Test Categories I through III) rose from 96 percent in FY 1990 to 99 percent for the same period in FY 1991.

Table 7

AFQT Category I thru III NPS Accessions and
HSDG NPS Accessions

Percent of Total NPS Accessions

	FY 1990 thru March		FY 1991 thru March	
Service	AFQT I-III	HSDG	AFQT I-III	HSDG
Army	96	89	99	97
Navy	91	86	99	95
Marine Corps	99	93	99+	97
Air Force	99+	99	99+	99
DoD	96	91	99	97

We are confidently optimistic about the health of future recruiting. However, many factors can adversely affect recruiting success, including youth labor market variables (e.g., employment, pay, and youth population demographics). In addition, we now face reductions in our recruiting budgets as a result of the congressionally-mandated force drawdown. Recruiting and advertising budgets for FYs 1988–91 are shown in Table 8.

Table 8

DoD Recruiting and Advertising Resources 1/ 2/
(Current $ in Millions)

	FY 1988	FY 1989	FY 1990	FY 1991 3/
Active Components:				
Army	615.6	618.5	576.0	513.0
Navy	333.4	342.2	374.3	371.2
Marine Corps 4/	152.3	146.3	160.7	154.5
Air Force	155.6	156.5	160.5	144.4
Joint	114.7	123.3	114.0	112.0
Active Totals:	$1,371.6	$1,386.8	$1,385.5	$1,295.1
Reserve Components:				
Army National Guard	279.6	261.3	259.8	272.1
Army Reserve	204.1	182.2	214.2	237.8
Naval Reserve	85.5	88.3	90.3	90.5
Marine Corps Reserve	49.0	51.9	53.9	52.5
Air Force Reserve	35.6	33.0	33.7	32.3
Air National Guard	43.1	45.7	47.5	46.2
Reserve Totals:	$ 696.9	$ 662.4	$ 699.4	$ 731.4
DoD Totals:	$2,068.5	$2,049.2	$2,084.9	$2,026.5

1/ Includes all funds identified as enlisted, officer, and medical recruiting resources.

2/ For all years shown, active force includes cost of "kickers" (ACF and NCF) and Reserve Components include funding for the MGIB.

3/ FY 1991 figures show revised Service budgets with Congressional and OSD Comptroller reductions applied.

4/ Since active Marine Corps recruiters perform Reserve NPS mission, resources in the active budget were aligned to the Reserve Program.

The DOD recruiting and advertising budget for FY 1991 reflects an austere program—a $58 million decrease from last year's budget measured in current dollars. The reduction affects primarily the active force programs. After adjusting the FY 1990 figure for inflation, the active program decrease equates to approximately $145 million (in constant FY 1991 dollars)

RETENTION

Over the last decade, we have learned through experience that retention is the very backbone of readiness. Military readiness dropped along with retention in the late 1970s when large numbers of experienced military people "voted with their feet" after years of neglect in compensation and quality of life. Highly-trained veterans had to be replaced with less-seasoned personnel and new recruits, with predictable results.

Throughout the 1980s, the Department and the Congress reversed the decline of our readiness capability. Together, we committed resources to restore pay comparability, increase bonus incentives and improve living conditions of our personnel—the effects were immediate and continue today.

The Services have experienced excellent retention over the last few years. While we expect no difficulties during FY 1991 as well, it is too early to tell what effects Operations Desert Shield and Desert Storm, coupled with budget and manpower reductions, will have on retention over the next 5 years. We will continue to monitor recruiting and retention, and request assistance if adverse trends develop.

EFFECTS OF THE DRAWDOWN ON THE ALL-VOLUNTEER FORCE

Despite the uncertainties associated with Operations Desert Shield and Desert Storm, and their ultimate impact on recruiting and retention, the Department is committed to reducing the size of the military in line with congressional direction. Even though the Services requested limited end strength waivers for FY 1991 due to the Persian Gulf Crisis, they intend to meet total end strength ceilings for FY

1992. Our plans are to continue the reductions until we reach an active strength of 1,630,000 in FY 1995—a 25-percent reduction. The Reserve Components will be reduced by approximately 21 percent over the same period.

Effecting the end strength reductions has required DOD and the Services to work jointly to develop prudent and cost-effective personnel plans and policies. To ensure fair treatment to dedicated Service members, a significant part of the active force reductions in the early phases of the drawdown will be achieved through reduced accessions. These accession reductions continue a trend that developed in the late 1980s caused by an increase in the size of the career force.

We know the force reductions will have a collateral effect on the recruiting environment and resources; however, we are unable to assess accurately the effect at this time. The Department must ensure the Services secure adequate recruiting and retention assets to acquire and maintain the necessary, high-quality manpower to meet their requirements.

The Department has just completed a review of recruiting requirements and resources in the context of the drawdown. The analyses indicate that the FY 1991 congressional reductions of recruiting and advertising budgets are in line with projected reductions in accessions developed using the FY 1995 end strengths. The recruiting resources forecasted using these steady state accession levels match resources programmed by the Services for FYs 1992 and 1993.

Table 9 summarizes the FY 1990 actual, FY 1991 programmed, and FYs 1992–93 proposed recruiting budgets for the active force. Table 10 provides the same information for the Reserve Components.

Table 9

Active Force Recruiting Resources 1/
(Current $ in Millions)

	Actual	Program	President's Budget	
	FY 1990	FY 1991	FY 1992	FY 1993
Active Components				
Army	576.0	513.0	524.5	540.6
Navy	374.3	371.2	368.6	369.3
Marine Corps	160.7	154.5	155.8	157.4
Air Force	160.5	144.4	151.2	150.9
Joint Programs 2/	114.0	112.0	109.9	109.6
Active Totals	$1,385.5	$1,295.1	$1,310.0	$1,327.8

1/ Numbers may not add due to rounding.
2/ Includes the DoD Recruiting Facilities Program, Joint Market Research Program, and the Joint Recruiting Advertising Program.

Table 10

Reserve Components Recruiting Resources 1/
(Current $ in Millions)

	Actual	Program	President's Budget	
	FY 1990	FY 1991	FY 1992	FY 1993
Reserve Components				
Army National Guard	259.8	272.1	255.5	239.2
Army Reserve	214.2	237.8	224.5	200.0
Naval Reserve	90.3	90.5	82.7	81.8
Marine Corps Reserve 2/	53.9	52.5	52.6	54.0
Air Force Reserve	33.7	32.3	33.5	35.2
Air National Guard	47.5	46.2	47.2	47.6
Reserve Totals	$ 699.4	$ 731.4	$ 696.0	$ 657.8
DoD Total Resources	$2,084.9	$2,026.5	$2,006.0	$1,985.6

1/ Numbers may not total due to rounding.
2/ Since active recruiters perform the Reserve NPS mission, active resources were aligned to the Reserve program (about $30M annually).

While the FY 1992 request for active force recruiting is approximately $15 million more than that programmed for FY 1991, it represents a 3-percent reduction in resources when adjusted for inflation. The amount requested for FY 1993 represents an additional reduction of 5 percent when compared to FY 1991 recruiting dollars. These resource reductions correspond to a 4-percent reduction in active enlisted accessions for FY 1991 through FY 1993.

Reserve Component recruiting and advertising funding (adjusted for inflation) will drop by approximately 16 percent between FY 1991 and 1993. Reserve enlisted accessions will be reduced approximately one third (from 224,000 to 150,000) between FYs 1991 and 1993.

Recruiting and advertising resources requested for FYs 1992 and 1993 provide a balanced mix of recruiting personnel, enlistment incentives, and funds for recruiting support and advertising to sustain recruit quality, provide nationwide exposure to military opportunities, and ensure a smooth transition to reduced accession missions as we evolve to a smaller force. As the effects of the drawdown and Persian Gulf crisis on recruiting become clearer, we will evaluate their implications on recruiting and advertising programs so we can continue to achieve our military manpower needs under a volunteer system and tight fiscal constraints.

RECRUITMENT ADVERTISING

The purposes of recruitment advertising are to create and sustain an accurate and positive image of the Services, impart awareness of general military and specific Service opportunities and benefits to prospects and influencers, and to develop prospect leads. We accomplish this mission through a wide variety of media, including television, radio, and print messages. Table 11 details the Services' expenditures for national media in FY 1990.

Table 11
DoD Recruitment Advertising Expenditures by Media Type
Total Active and Reserve

FY 1990 (Current $ in Millions)

	Television	Magazines	Radio	Newspapers	Other*	Total
Army	30.5	22.6	12.0	1.6	45.3	112.0
Navy	10.1	3.4	3.4	.4	11.8	29.1
Air Force	.6	5.7	1.5	.4	15.5	23.7
Marine Corps	2.9	.8	.9	0	13.7	18.3
Joint	0	6.9	0	5.0	3.7	15.6
DoD Total	44.1(22%)	39.4(20%)	17.8(9%)	7.4(4%)	90.0(45%)	198.7

* Other includes expenses for lead fulfillment, direct mail, printing, local/regional advertising, and other miscellaneous expenditures.

Because budgets are declining, military recruitment advertising must seek creative ways to present the opportunities for service to one's country to a population of young men and women who have many alternatives and varying interests. Table 12 depicts the decline in advertising funds since FY 1988.

Table 12
DoD Recruitment Advertising Resources
(Current $ in Millions)

	FY 1988	FY 1989	FY 1990	FY 1991
Active:				
Army	73.5	74.2	76.6	44.7
Navy	19.4	19.4	25.2	16.2
Marine Corps	14.8	15.2	16.3	11.0
Air Force	14.8	14.8	16.3	10.0
Joint	27.0	31.3	15.6	13.4
Active Totals	149.6	154.9	149.9	95.3
Reserves:				
Army National Guard	15.6	14.3	14.0	10.8
Army Reserve	22.9	20.8	21.4	19.4
Naval Reserve	4.0	4.3	3.9	3.2
Marine Corps Reserve	2.7	2.6	2.0	1.9
Air Force Reserve	3.9	3.7	3.8	3.2
Air National Guard	2.1	3.1	3.7	2.6
Reserve Totals:	51.2	48.8	48.8	41.1
Budget/Budget Submit	200.8	203.7	198.7	136.5

Totals for FY 1988, FY 1989 and FY 1990 are actual expenditures. FY 1991 figures reflect Service plans to implement recent congressionally-directed cuts to recruiting and advertising funds. Totals may not add due to rounding.

In FY 1991, the Department will spend nearly one-third less on advertising than it did in FY 1988. When adjusted for inflation, the reduction from FY 1990 actual costs to FY 1991 programmed costs is $70 million. When expressed in constant dollars, the decline in advertising resources since FY 1988 is more than $90 million, representing a 39.7 percent reduction.

Advertising alone does not produce enlistments. The Department and the Services work with Congress to develop incentives, such as the Montgomery G.I. Bill, the Army and Navy College Funds, and enlistment bonuses, designed to attract young people to the military. Besides incentives, the unique and common benefits of the various Services must be communicated to prospects and influencers alike. Even though all of the Armed Forces share similar attributes and characteristics, each Service is different and has appeals, incentives and offerings that interest different people. Training opportunities, tour lengths, location, image of the Service concerned, and even uniforms have different individual appeal.

Our recruiting task is complicated by the fact that the Armed Forces require bright and educated people to handle the military's increasingly high technology equipment and the pressures of the modern battlefield; these same people are also sought by other employers for demanding jobs. In addition, the military is in the position of stimulating interest in a "product" (military service) which has significant "costs." Service may require a person to leave home, endure frequent and long separations from family and loved ones, live in spartan environments, experience extremely hostile and dangerous conditions, and possibly even give one's life.

The Middle East situation focused the country's attention on many of the factors that make recruiting challenging and, at the same time, increased the awareness of military service among our target audience. Given the circumstances that made Operation Desert Storm necessary, we believe that the reasons young people are now enlisting may have changed. Pride, patriotism, and being part of a team now seem more important to young men and women. Consequently, we made some changes to our advertising strategies.

During the crisis, we did not advertise as much as we did during the same period a year earlier. After the outbreak of hostilities in January, the Services suspended virtually all mass media advertising and did not resume until after the end of offensive operations. In addition, we changed our Joint-Service ads from a training and opportunity message ("Opportunity Is Waiting for You") to a theme stressing the rewards which can be derived from doing something for our country ("Stand Up, Stand Out").

Although the Armed Forces' involvement in the Persian Gulf is declining, we continue to examine the effects of the war on the propensity of youth to enlist. A relatively swift return to pre-Desert Storm market conditions is anticipated, and the greatest task facing us will likely again become the management of severely reduced resources and smaller end strength. Through years of advertising, the Department and the Services, with the support of Congress, have made a large investment in a positive public representation of military service. The recent, sterling performance of our All-Volunteer Force validates that image. The public's perception translates directly into our ability to attract quality young Americans; we must ensure we do not jeopardize this favorable situation.

CONCLUSIONS

Significant improvements have been made in defense manpower over the last 10 years. Credit for this success in attracting and retaining high quality military personnel belongs to Congress, the Department, and the Administration. The volunteer military stands ready, willing and able to defend our nation and its principles around the world. The overwhelming success of Operations Desert Shield and Desert Storm is true testimony to the capability and viability of the All-Volunteer Force and its contribution to readiness.

We do not believe the socioeconomic or minority composition of the volunteer force is in any way inappropriate. We have learned through research that recruits' socioeconomic status is similar to that of their civilian counterparts, and that recruits do not overrepresent the lower socioeconomic strata of society. In terms of minority representation, we are proud of the Department's record of equal employment opportunity. Our primary concern in selecting military members is quality and, as I have described, it is extremely good. Our policy is to offer military opportunities to all who volunteer and qualify.

Despite claims to the contrary, no one has yet demonstrated that a return to the draft will save money. Direct manpower costs of the volunteer force are the result of changes in force structure and increases in the military compensation package. Factors leading to increased pay, such as the introduction of annual military pay increases in the mid-1960s and the Rivers Amendment of 1967, which required that military pay increase at the same rate as federal civilian employees, existed before the volunteer era.

The current recruiting environment is healthy. It appears Operations Desert Shield and Desert Storm had no adverse effect on recruiting. Thus far in FY 1991, the Services are doing extremely well—attracting and enlisting higher quality young men and women than ever before. We are optimistic about future recruiting success; however, there are many factors that could adversely influence the recruiting environment. We are not sure how the force drawdown will ultimately affect our recruiting capability, to include the impact of reduced recruiting resources.

After years of neglect in compensation and quality of life in the 1970s, we finally realized that the retention of quality, experienced personnel was key to our readiness. In the decade of the 1980s, the Department and Congress took action to reverse this trend by committing resources to improve pay, bonuses, and living conditions of our military personnel. The positive effects were immediate and continue today. The Services are experiencing excellent retention rates and expect to continue that trend for the near term as long as pay and quality of life continue to maintain comparability with the civilian sector.

The Department just completed a review of recruiting requirements and resources. Our study revealed that the FY 1991 recruiting budget reductions paralleled projected end strength requirements and associated accessions. Our estimates of resources needed for FYs 1992–93 match those projected by the Services' projections for those fiscal years; therefore, any additional recruiting resource reductions beyond those effected in the FY 1991 budget would not be prudent at this time. These funding levels will ensure our ability to successfully recruit the quality men and women we will need until we can assess the total impact of the Persian Gulf Crisis and the force drawdown.

The Department uses recruitment advertising to encourage young Americans to consider military service as a post-high school option. The resources devoted to our advertising effort have declined dramatically in the recent past. In FY 1991, the Department will spend nearly one-third less on advertising than it did in FY 1988. When expressed in constant dollars, the decline in advertising resources since FY 1988 is more than 39 percent. Through years of advertising, the Department and the Services, with the support of Congress, have made a large investment in promoting a positive public image of military service. We must ensure we do not jeopardize this favorable situation.

In closing, let me reemphasize that the All-Volunteer Force is healthy and working extremely well. Recruit quality and retention are up, readiness has improved significantly, and patriotism is at an all-time high. In view of the overwhelming public support for volunteerism and the lack of any clear cost savings, we do not believe it is in our Nation's best interests to return to any form of mandatory military service.

PATRIOTISM AND RECRUITMENT

Senator INOUYE. Thank you very much, General. We have received reports that suggest that Desert Storm has had a profound effect upon recruiting and patriotism. Is it still continuing?

General JONES. We are continuing to see a lot of that, sir. We are seeing radio stations, TV stations, more willing to give some public address spots for us.

I think one of the main benefits we are receiving is all the welcome home ceremonies. A lot of patriotism is being generated by all of the coverage of our welcome home ceremonies, and certainly, those are taking place all over the country.

So we are continuing to realize some of the benefit from the Desert Storm operation, sir.

Senator INOUYE. So am I correct to assume that you will be meeting your recruiting goals this year?

General JONES. We expect to meet it with the highest quality we have ever had, sir.

Senator INOUYE. Am I correct that notwithstanding the fact that our forces will be drawn down, your costs of recruiting will stay up?

General JONES. We do not really know that at this time. The one thing that we do not have a real good feel for at the present time, and we are trying to do some analysis and some studies now, is the impact for recruiting for the Reserve component personnel.

I think we pretty well understand what the impact will be on the active duty forces, but when all the Reserve component people who were deployed or were called to active duty and were absent from their civilian jobs from anywhere from 1 to 9 months, we do not know what impact that will have on their ability to stay in the Guard or Reserves out there.

So I do not think we really know at this specific time, sir.

FAMILY SUPPORT PLAN

Senator INOUYE. This committee has been advised that approximately 57 percent of our members are married.

General JONES. Yes, sir.

Senator INOUYE. And that most of them have children, and then add to this, we have many single parents and many cases where both parents are in the military. I think all of us will recall those poignant pictures on television where mothers and fathers had to say goodbye to their little children.

General JONES. Yes, sir.

Senator INOUYE. This has caused a flood of mail coming into our offices. I realize that this is complicated and there is no easy answer as to how to resolve this, but I notice the Commandant of the Marine Corps has taken a stand on this.

What is the position of DOD?

General JONES. Well, at the present time, DOD policy is that after someone gives birth to a child, they are afforded 6 weeks of leave and our current policies would say that they would be deployable any time after that point.

Now we have a new position that we are working on at the present time, with staffing with the four services at the present time, which says that we will not deploy or separate a parent and a child for the first 4 months of a child's life.

So we are relooking the issue. We are going to try to make a determination of what the impact of that would be on our operational readiness. If a situation where you only had one say, a mechanic, and you only had one of that type capability in an organization and that individual did not go, it certainly would be detrimental to your readiness posture.

But we believe that we could establish a policy of 4 months without having very much of a negative impact on readiness of the force.

Senator INOUYE. We have been advised that all parents are required to set forth their plans for their children prior to deployment.

General JONES. Yes, sir.

Senator INOUYE. Written down.

General JONES. Yes.

Senator INOUYE. Is there any process by which you are certain that these plans are being implemented?

General JONES. We check those very, very closely in the active duty. We have not, we found out when we started calling the Reserve component units to active duty, they had not enforced those procedures very well and many of the plans did not exist.

So no plans had been made in many, many cases for those youngsters to be cared for by relatives. So we are looking into that to see what we can do to tighten up. We will continue, I think we had a good program in the military and there certainly was a requirement for everyone to have a family support plan.

The one thing that you have difficulty doing and maybe we are going to have to find out a way to do it is say someone is overseas and a grandmother or aunt or uncle is supposed to come pick up the child, we do not have any means to check that aspect of it out.

So we can have a good paper, but we have got to find some way to make sure that those plans will, in fact, work if the situation dictates that.

Senator INOUYE. Are you aware of any extraordinary problems that our men and women faced during the deployment?

General JONES. Well, I was aware of about three cases. The one case that was mentioned at Fort Campbell, KY, where a young noncommissioned officer deployed with the 101st Division, left his three children in their home with a credit card. The oldest child was maybe 11 and the military found out about it and reported them to the local authorities and they were put in foster homes.

I think it was a situation where the young sergeant really wanted to deploy with his unit or either that or he did not know that he had other options available to him, that the military would have taken him off of deployment orders had they known of his situation.

It had happened that he and his wife had just had a recent divorce and I do not think the military members of his unit knew that that had taken place.

WOMEN IN COMBAT

Senator **INOUYE**. Recently the Defense Advisory Committee on Women in the Services recommended that DOD should repeal laws and regulations barring women from combat. Recently the House Armed Services Committee, as part of the 1992 authorization, recommended that women be allowed to fly combat missions as Air Force and Navy pilots.

Has the Department taken any position on these two initiatives?

General **JONES**. We are just starting—of course, I think the House bill—we are starting to—the DACOWITS had taken place in April. We are starting to look at it. We are getting people together and trying to identify the types of things that would be affected if that is put into law.

If it does pass, Mr. Cheney would like to see it pass the way it is, of giving him the responsibility of determining whether or not women deploy after that into all skills.

I think there are other factors that we also need to consider. For example, if you are going to make it equal, we will probably have to go in and make equal standards by job, and say if you can do these types of things—for example, if you can lift this much, you can walk this many miles, you can do these things, then you can serve. So I think we would have to establish standards for all skills.

The other factor that I guess Congress would have to look at—it is certainly not DOD—do women register for the Selective Service System, if it is equal? So I think that is another consideration. I have not heard any other discussion over——

Senator **STEVENS**. Can I interrupt right there?

General **JONES**. Yes, sir.

Senator **STEVENS**. Mr. Chairman, I regret to say I have just been called away. I was going to raise that question with you, General. We did have that vote in the Senate once and it failed. Have you got a position now on that?

General **JONES**. I do not have a position yet. I have not heard anything from the Secretary. We are just starting to discuss it at the action officer level. So I would hope within the next couple of weeks we would be able to formulate a position with the Department of Defense on that.

Senator **STEVENS**. Could I ask you to report back to this committee?

General **JONES**. We can, sir.

Senator **STEVENS**. Should we repeal the draft or should we amend it so that women are included? That is my question.

General **JONES**. All right, sir.

[The information follows:]

VOLUNTARY MILITARY SERVICE

The Department does not currently have a draft system in effect to repeal. The law—the Military Selective Service Act—only requires draft registration and specifically refers to "male persons," in setting forth the registration requirements.

The question of registering women was extensively debated by the Congress in 1980 when draft registration was reactivated. Congress decided that any future draft would focus mainly on the need for combat troops. Since women are excluded from combat service, the Congress reasoned that non-combat positions open to women could be filled with volunteers and that there was no military reason to register women.

The issue of amending the current law to require women to register for the draft is one that must be addressed by Congress in reflecting the will of the American people. If Congress lifts the combat exclusion restriction, then the Department will reevaluate its position with regard to draft registration for women.

WOMEN IN THE GULF

Senator INOUYE. For the record, how many women served in the Gulf?

General JONES. Between 32,000 and 33,000, sir. And all reports I have had—I have talked to division commanders; I have talked to battalion commanders; I have talked to the Army Component Commander, General Yosok; and I have watched General Schwarzkopf's presentation, and he could not have complimented them any more.

I talked to a division commander last week by phone from over there and he said women endured the hardships that took place over there. We initially had to send both some men and women over there that could not cut it in the hot weather or do the job. But he said that those that stayed did a superb job over there. So they certainly upheld their end of the responsibilities in those jobs that they were allowed to do.

Senator INOUYE. In the ancient wars, such as World War I and World War II, one could differentiate between a combat zone and a noncombat zone, generally.

General JONES. Yes, sir.

Senator INOUYE. In fact, you had terms like the re-echelon, the front lines. But I gather in watching the reports as they came across from the gulf that we really did not have a combat zone and the re-echelon, because the SCUDS were flying all over the place, and long-range artillery could hit positions in the back.

General JONES. Yes, sir.

Senator INOUYE. Did we have any policy there as to how far women can get up? Because I noticed some of the helicopter pilots were women and they were in enemy zones.

General JONES. Right, what we have is what is referred to as a "risk rule," you know, the laws say that they will not fly in combat airplanes engaging other enemy airplanes or bombing out front; that they will not be on combatant ships. The Army does not have a law, but it has a policy that says that they will not be in units like infantry, armor, people that close with the enemy.

So what we do is make our judgment based on the risk in the type of unit you happen to be serving in. Is it as—is the risk as great in their type of unit as it is in one that would be closing with the enemy?

So it is a judgmental-type issue. And we used to have a rule called the DCPC that said women would not serve forward of the brigade rear, the direct combat probability code that was a line on the ground.

But then we found that women were driving fuel trucks up to fuel tanks. They were hauling ammunition trucks and they were constantly going back and forth. And it did not make sense to stop the truck at that line and let them get in.

And then as you mentioned, in the air-land battle concept, women are going to be exposed to combat in the rear echelons or wherever they serve on the battlefield. The enemy has the capability to air-land—you know, fly attack-air helicopters or missiles into it.

So if you believe the air-land battle that you have a battle out front of the front lines—one at the front lines and one in the rear area—women are going to be exposed to combat regardless of where they are out on the battlefield.

Senator INOUYE. Many of the critics have suggested that when you put men and women too close together in their work it would bring about a breakdown in discipline.

Do we have any evidence of that in the last war in the Gulf?

General JONES. I did not hear any evidence of that taking place at all. The only thing I heard is that they performed admirably. I did not hear any indications of that.

I have heard the same innuendos, I guess, that you have mentioned—that if they could not lift the load that the man would come to the rescue; if they got into a combat situation that the man would be more concerned about defending the woman than they would performing the wartime mission. So I do not think that is a problem.

Senator INOUYE. If the Congress should go along with the DACOWITS recommendation, is DOD going to make combat duty voluntary?

General JONES. That is one of the other things we are going to have to look at. I think if we are going to make this equal, that women will be expected to be forced into other specialties just like everyone else. I do not think you can have two standards: one for women and one for men. If you say you are going to truly be equal, we force men into units right now. Say if we are not getting enough volunteers for a specific military occupational specialty, we tell the people what they are going into. So I think you would have to do the same thing with women.

If you had requirements, you could not feel that you would have to force the issue if that situation dictated.

MINORITIES IN VOLUNTEER FORCE

Senator INOUYE. I am certainly well aware of criticisms levied against the volunteer force by some of our community leaders suggesting that there was not a proper representation—percentage representation of the population at large. To be specific, there were more blacks in the military serving out there than you had percentagewise in our Nation's population.

Is this a valid criticism?

General JONES. I think it should be a laudatory situation rather than a criticism that we ought to be—I think—that we are one of the leaders in the Equal Opportunity Program. Now if you look at the—I think Mr. Aspin's report that the Congressional Budget Office did talked about the representation into the combat, the combat service support, and combat support units.

It is true that we have more people serving in uniform than is representative in society as a whole—about 22 percent DOD-wide are minorities or blacks, compared to about 14 percent in society as a whole.

So we do not feel that we are jeopardizing any specific group. The percentage of people serving in combats units that is going to close with the unit is lower than it is in the support units.

So I would not think that we would have a disproportionate share of casualties in the minorities.

However, we do not set any quotas when we go out and recruit. We say if you can meet the standard, you are qualified and you want to join your country, we let you join. And we would not contemplate ever setting quotas like that or trying to restrict it. We think it would be detrimental to our force if we did that.

Senator D'AMATO. Mr. Chairman, if I might at this point—I, too, am going to have to leave—I think the General makes in his last observation a very valid point. It would be, I think, very counterproductive to ask our society to have people who are qualified being rejected because they have hit an arbitrary number and they are above the percentage of the population in their particular group—whether it be black, white, hispanic—whatever it would be represented in the force structure, as opposed to the representation in the Nation's population.

I heard General Powell speak to this issue. And he goes back to when, as a young graduate coming out of college in the ROTC program he was then pleased and remains pleased that he had that opportunity to become a part of our Nation's military on that basis, on a voluntary basis.

So I think there were some harsh criticisms. I have had somewhat of a debate with one of the leading civil rights advocates. I will not go into personalities. And I am glad to hear what the General said, because that is basically what I indicated during that debate.

I think it would be counterproductive, and it does go into quotas. If we are going to attempt to micromanage what your force structure and the composition is, that would be counterproductive.

General JONES. We plan on making no changes. We are going to continue—if a youngster wants to serve, and they meet the standards, then we are going to allow them to do that.

Senator D'AMATO. And I thank the chairman for permitting me to make this observation.

QUOTAS

Senator INOUYE. Is there any quota for the number of women being recruited?

General JONES. There is no quota that I am aware of. We have a little over 11 percent. I have seen some projections. But 1995 we will be to 15 percent. I do not know that we have ever attempted to sit down and say, you know, that we are trying to limit it. I do not think that we have ever attempted to do that.

Now, there are some situations where we would have to limit women, I think, in certain specialties as long as you have the combat-exclusion law in place. For example, women cannot serve as combat medics down in infantry and armor units. But they can serve in the combat service support battalion where we have a medical company. And so we would have to have a proportional number of male medics in that battalion, or that company at that battalion, to replace medics that we lost down in those combat units.

So there is some number, but we have never really tried to establish that.

Senator INOUYE. Do you maintain in your casualty statistics race or ethnicity?

General JONES. We probably do, but I am not sure. We did provide some information to certain groups after the Persian Gulf War was over, I think our Defense Manpower Data Center. Certainly we have them registered by that, and any casualties—we would have access to that information.

Senator INOUYE. The committee would like to have statistics based upon that, because we would like to have something on hand to use in answering some of these critics.

General JONES. All right, sir, we will base that by ethnic group and by male/female. That is how we will break that out for you, OK?

[The information follows:]

VOLUNTARY MILITARY SERVICE

There were 376 casualties during Operations Desert Shield and Desert Storm. Since the United Nations declared the cease fire on April 11, 1991, there have been 11 additional casualties. The table below shows the percent distribution of the casualties by race and gender as well as the distribution of active duty forces by race and gender for comparative purposes.

PERCENT DISTRIBUTION BY RACE AND GENDER OF ACTIVE DUTY FORCES AND CASUALTIES IN OPERATIONS DESERT SHIELD AND DESERT STORM

	White—		Black—		Hispanic—		Other—	
	Male	Female	Male	Female	Male	Female	Male	Female
Casualties	71	2	16	1	5	....	3	....
Active duty	73	62	19	30	4	4	4	4

HEALTH CARE PROFESSIONALS

Senator INOUYE. General, the climate for recruiting of health care professionals, doctors, and nurses, continues to remain poor. At the same time, the cost of providing health under CHAMPUS is escalating. The cost of health care is reaching the point where it will stop to consume funding for other readiness programs.

Do you foresee any circumstance in which the Department might recommend drafting of doctors and nurses?

General JONES. Well, we certainly have that capability. Selective Service System has a plan in place where all nurses, doctors, medical-type people would have to register for a draft. It would take a congressional law to implement that plan.

The major criticisms that I have heard from Reserve components has been in the medical field, or primarily doctors who are having to give up very good practices in the civilian community and coming to serve for 5, or 6, or 7 months, and then going back and they either have to go back and reestablish their clientele.

So we are very concerned over the impact that Desert Storm is going to have on our recruiting, especially in the Reserve component side of the house. I do not really have a feel at this point in time whether or not—and I do not think we know at this point in time whether or not we would ever have to go to that. But I think it certainly makes sense to have a plan on the books, to be ready to implement it if we start to fall short of our capability.

We are doing some things in nurses. We have a nurse candidate program that the Army is introducing this year where we would be paying a $500 a month stipend. I guess they are looking at it for about 50 nurses. And they would have to take a full load at various universities.

And, of course, we have had other scholarship programs, held service scholarships to try to entice nurses. But with the nurse shortage countrywide, we compete with other people. And there are some very, very attractive packages that civilian hospitals are putting together trying to entice nurses into those locations—California is one that really—I saw one the other day where they are offering new cars, in some cases, apartments, and other types of things. So they are making some very lucrative offers.

But back to your basic question—I will tell you that we may well see that some time in the future where we would have to go to a draft.

STAFF SCHOOLS CONSOLIDATION

Senator INOUYE. The Department maintains several schools and colleges for active personnel. Is it possible to have joint schools where some of the classes are consolidated?

General JONES. Are you talking about medical or other types of schools?

Senator INOUYE. I am talking about the schools that you have to promote efficiency, war colleges and such?

General JONES. I think there is a——

Senator INOUYE. Command and staff?

General JONES. Yes, sir—you know the Goldwater-Nichols Act requires us to teach quite a bit of information pertaining to joint duty operations. And I think that proved to be a very wise decision, both in Panama and in Desert Storm.

But I think there is enough service-unique requirements out there. That is only about 200 hours out of a total curriculum of a 10-month school. So after thinking about it a little bit, about what we teach service members at the basic schools, command, and general staff schools, if we consolidated anything I think it would be at the senior service level, like the National War Colleges over here. So possibly something like that could happen.

But I think at the command and general staff schools, the advanced courses, the squadron officers courses, where majors or captains would be attending, that the services need unique opportunities to teach skills in those specific schools. So I think very limited opportunities, sir.

Senator INOUYE. I had the staff look into the Army Command and General Staff College, and the Air University, for examples. I have been advised that both offer courses in Civil War history, the Korean war history, Vietnam war, World War I, and World War II, Soviet military history, writing and speaking, military ethics, computer courses, American Interests in various parts of the world, drugs and national security—and all of them have basically the same textbook and curricula.

Can they not be consolidated?

General JONES. I would certainly have to give it a lot more study. Because what I think of teaching a person to be, for example, a division G–3 and an Army division, plus being a G–3 and an air wing are, I think, totally different requirements. So I do not know how much of the curriculum is devoted to tactical training, or related to a specific service, versus what we have as far as duplication.

So that would take a little more looking into that, sir, before I could give you an answer, I think, on that specific issue.

BASIC ALLOWANCE FOR QUARTERS

Senator INOUYE. As a result of Desert Storm, as you can imagine, we have received a lot of letters. The question I am about to propound refers to one of those large areas of those letters.

We have been getting letters from sailors who have been receiving basic allowance for quarters [BAQ's]. For them the allowance was turned off when they went to sea. We have been advised by them that this poses a grave financial hardship because they still must pay rent or mortgage on a house.

Do you have any position on this?

General JONES. Well, we certainly got a lot of the same mail, sir. And if you look at it just strictly from a literal sense, the BAS is to provide rations for the individual service member. It was never designed, you know, to be used for food for family. However, I know a lot of people use that as—it all comes in one paycheck. And a sailor never knows what is BAS, what is there for quarters, and what is there at basic pay.

I think we are looking at it, trying to make a determination. Is the amount of funds we are giving them for the combination of basic pay, quarters, and subsistence adequate to expect them to be able to live a decent standard of living?

We are looking at the number of people we have on food stamps. And we do still have a few people—if they are in low grades and have a large number of dependents—who still draw food stamps. But we only know of about 15,000 to 20,000 that are doing that. But we have no way of tracking that.

If they trade the food stamps in down at the civilian grocery store, the only thing we can determine is the ones that convert the food stamps at the commissary. So we are looking at that—the whole pay and allowance system. We have the seventh quadannual review of pay went into effect last June. Basic pay is one of the major issues. They were going to look at basic pay. They will look at quarters, and they will look at subsistence as part of their study.

So we will have a better feel for that, hopefully, by about October this year, sir.

Senator INOUYE. General, I will be submitting several questions of a technical nature requiring statistics, and I hope you will respond to them.

General JONES. I will be delighted to.

Senator INOUYE. Senator Domenici, do you have any questions?

ROLE OF WOMEN

Senator DOMENICI. Mr. Chairman, may I just tell General Jones that I am going to submit today that relates to this hearing. And in answering it, if you would not mind answering it to the committee.

It has to do with—you have been charged—the Defense has been charged, heretofore, with coming up with a report, a preliminary one that is due in July 15, I think, regarding the role of women in the theater of operations. I think that was asked and we asked that that be done. And we already know what the Navy's position is and what the Air Force has indicated.

And I am just wondering what studies are the Department currently undertaking to reassess the role?

General JONES. Well, we are still trying to gather all the information. Before the exercise or the actual combat started, we put lots of requirements on the various agencies, the Army, Navy, Air Force, Marine Corps, and other agencies, to go over and collect data of the role. We know how many women were there, we know what grade they were in, we know what jobs they went over to do.

And now we are trying to make a determination as to how well they performed those jobs; did they in fact serve in the jobs that they were sent over there to do? So we are gathering all that information. We will do the analysis and submit the report which you mentioned, sir. But we do not have the preliminary.

I mentioned to the committee before you came in that I have talked to a lot of division commanders, Army component commanders, brigade commanders. And they have been very, very complimentary on the performance of women in the desert operation. But that is nothing in writing. It was all conversations that I have had with a number of them over there. So we will provide that information to you, sir.

[The information follows:]

We are still in the process of collecting and analyzing data on the role of women in the Gulf. We expect to finish some of the initial analysis and provide it to you by the 15 July date required in the Title V report on the conduct of the Persian Gulf conflict.

Senator DOMENICI. All right, I just was a little bit concerned. It is true, is it not, that we would not have to have the same policy for every service?

General JONES. We would not. I think there are service-unique situations. And, hopefully, if Congress passes the law, they will give Mr. Cheney the authority to recognize those unique situations where it may not make sense to put women in a specific role.

Senator DOMENICI. Thank you very much, Mr. Chairman, thank you, General.

Senator INOUYE. I have just one more question, sir.

Did we have any restrictions on women members of the international press corps?

General JONES. None that I am aware of, sir. I know at the peak of the operation we had over 1,400 reporters over there. And there was quite a load on the command trying to accommodate them. But I do not know of any restrictions that we had on that specific group, sir. I am not aware of it if it happened.

Senator INOUYE. I ask that because I just remembered that during my service in the ancient war some of the women that we had the pleasure of meeting during combat were the Red Cross people. They were right up there passing out donuts and coffee. The shells were flying over us, and, in fact, a couple of them got wounded while there. I do not know if they got the Purple Heart for that.

Once again, General, I thank you very much. I wish you the best in the years to come. On behalf of the committee, I thank you for your service to the country.

General JONES. Thank you very much, and I appreciate what this committee has done for military service over the years, sir. You have certainly provided a lot of assistance to us. And you have been a great part in making the military service what it is today. And we thank you for that.

Senator INOUYE. We will try to keep it up, sir.

FAMILY SUPPORT PROGRAMS

STATEMENT OF MS. MILLICENT W. WOODS, DEPUTY ASSISTANT SECRETARY OF DEFENSE, OFFICE OF THE ASD

Senator **INOUYE**. Now we will hear from Ms. Millicent W. Woods, the Deputy Assistant Secretary of Defense for Family Support, Education, and Safety on issues of importance to military families.

The all-volunteer forces produced what might be termed a revolution in the way the Department of Defense, and indeed the Congress, has come to view the importance of the military family. We have often said that we consider the welfare of the military family as important a readiness issue as any of the more traditional measures of readiness. Increasing attention and funding are now devoted to assuring that the families of our members are accorded the facilities and the assistance that are necessary to maintain a strong family life in the face of frequent moves and other stresses attendant upon service in our Armed Forces.

I believe that the American military system has achieved an amalgamation of our fighting forces and their families that is unique in the military systems of the world. I also believe that this amalgamation is something we should be proud of and continue to support. I, for one, intend to do so.

Ms. Woods, welcome.

Ms. **WOODS**. Thank you very much, Mr. Chairman. It is a pleasure to be here today. I welcome this opportunity to discuss quality of life issues of the Defense Department's military members and their families.

In the interest of time, I would like to submit my full statement for the record and ask that that be filed for the record.

Senator **INOUYE**. It will be made part of the record.

Ms. **WOODS**. Thank you.

SUMMARY STATEMENT

I would like to take a few minutes, though, today first to highlight for you, and for the committee members, the Department's goals in quality of life; and second, to summarize how we are seeking to achieve those goals in the 1992–93 budget that we have before you.

The purpose of the Defense Department's quality of life programs is to provide the underpinnings of a high-quality force. You have noted that, Mr. Chairman, in your remarks. The Nation's most critical defense asset is its men and women. Fostering the recruitment and the retention and the readiness of these men and women is what our quality of life programs are all about.

We seek to give our service members and their families the tools to be self-sufficient and to lead productive, fulfilling lives as part of their military career. We want to develop community values that foster the spirit of volunteerism, enrich the physical and mental well-being of members of the Armed Forces, and enhance the well-being of their families.

The Defense Department has done much in the past few years to clarify its quality of life policies and to reflect these goals. Through policy guidance and departmentwide instructions we have laid the groundwork for our MWR programs to be more self-supporting, based on usage and on the changing demands of the military community.

Similarly, in the areas of family we have established baseline services and standards for dependents' education, family services and for child care that assure that those who choose defense of our Nation as their careers, that they and their families will have options for personal development that are at least equal to those in the civilian community.

In reality, we know that our challenge is to demonstrate a competitive advantage to the civilian community, since a profession in the military places extraordinary risk and stresses on peoples' personal lives. Our research consistently tells us that spouse satisfaction is one of the most important factors when a service member decides to reenlist.

Thus, the schools, spouse employment opportunities, shopping and recreational services, community environment are constantly scrutinized. They are regularly used by our people as the basis for determining their willingness to continue to serve in defense of our country.

QUALITY OF LIFE

The Department believes that quality of life has been a major contributor in the troop quality that has accompanied the use of an all-volunteer force that General Jones just discussed. General Schwarzkopf said it best in his presentation to you last week, in a joint session of Congress. He referred to our military families as "the wind beneath our wings."

The peace of mind that the troops gained from knowing that their families at home were living full, productive lives was definitely instrumental to our success in the gulf. The experience in the gulf reenforced for the Department the correctness of these goals that I mentioned before: self-sufficiency, family, and community. We know it is the key to recruiting. We know that it is fundamental to retaining the best people. And we believe that it assures our readiness.

As my full statement outlines, Mr. Chairman, the Department proposes to spend its resources very deliberately—pursing these goals but making appropriate modifications because of the drawdown.

In dependents' education, our schools are implementing the national education goals with particular emphasis on international studies and advanced foreign language, because of our young peoples' exposure to the international community—hoping that this will be a big contributing factor to making DOD's students competitive in a global environment.

We are carrying out several initiatives. Included in that is math and science initiatives that we will be training 2,500 of the teachers that are teaching our students across the world in some of the best standards that have been established by the Association of Math Teachers.

In the family support programs, we are focusing on child care, on family advocacy, and on relocation assistance. Our child care programs are undergoing dynamic changes, with wage increases for caregivers that provide attendant increases in quality. We have taken measures to increase quality, availability, and affordability of services.

In family advocacy, our Child and Spouse Abuse Program, our goal is to reduce heavy caseloads. We have, therefore, budgeted funds that increase staff.

In relocation assistance, which is an essential service to both our single and our married people, we are including funds that fully staff and implement a Relocation Assistance Program in a uniform way across the services.

In the MWR community and recreational programs, we are placing greater emphasis on services and activities that are most desired and used by single and military members. These include self-help facilities, such as auto shops and physical fitness centers, and entertainment programs that you are familiar with.

For the long-term, however, we are examining our MWR activities to determine what will be used by the restructured force, both in the United States and overseas. We are engaged in strategic planning with the services in this regard, to have our future MWR programs as fitting as possible for the restructured force and reflecting the drawdown. We are emphasizing, as we do this, that we put the test of demand and usage to the services that we provide.

The budget that we have before you requests $2.7 billion to achieve these goals. Approximately $1.2 billion of this is for the Dependents' Education Program, the 200,000 students that we have in our overseas schools—about 150,000 overseas, and about 45,000 that are in our few locations in the United States; another $1.1 billion is for community and recreational activities for single members, as well as married members and their families. These funds maintain our gyms and our libraries. They assist in the operations of child care facilities and bowling alleys. They pay the extraordinary cost of running retail sales and social club programs in overseas locations.

This year we request funding which is new to the quality of life activities. The Department requires $64 million to facilitate a smooth transition into the civilian sector of those leaving the military as part of the 25-percent drawdown of the force. The Congress called for this activity in last year's authorization bill. We know from experience of the private sector that companies that spend such money up-front not only ease the change in the transition that individuals have to make, but that it also benefits the long-term reputation of the employer as a quality, and high visibility for treating its people right. We believe this is another important aspect of what we are doing with recruiting and retaining.

FAMILY SUPPORT PROGRAMS

The remainder of the $2.7 billion request, which is approximately $350 million, is for the range of family support programs—the

Child and Spouse Abuse Program, child care programs, spouse employment assistance, financial and family counseling, and assistance in relocating—a phenomenon that military families deal with all the time.

I would be remiss, Mr. Chairman, if I did not comment on the effectiveness of the Department's family support and morale programs during Desert Storm. With the massive deployments to the Persian Gulf, military and civilian family support systems moved into action. They were supplemented enormously by volunteers providing service and by donations and letter-writing campaigns from the general public.

In addition, in particular with this deployment, we noticed that we had the valuable assistance of civilian community organizations such as the Red Cross, the USO, the YMCA. These organizations filled in gaps which our own family support networks on installations could not fill—both for the Guard and Reserve families, and for extended family members who had sons and daughters and other loved ones and were living in the communities across the country.

We want to thank this committee for your concern and your active participation in addressing special family needs relative to the gulf crisis.

The Dire Emergency Supplemental Appropriations Act will help ease the financial burdens that many installations did there. It will also enable us to reach out increasingly to the Reserve and the Guard families that are living outside our military installations.

In closing, Mr. Chairman, I again express my pleasure for the opportunity to discuss with you today the Defense Department's quality of life programs. We believe these activities are critical to the quality of our force. Dollars invested in quality of life should be thought of the same as dollars put into service members' salaries. These programs help get the best.

We will continue our strong emphasis on self-sufficiency, and strong community and family values, as we manage modifications to these programs during the drawdown.

That completes my summary, and I will be glad to answer questions, Mr. Chairman.

[The statement follows:]

STATEMENT OF MILLICENT W. WOODS

Mr. Chairman, the Nation's most critical defense asset is its young men and women. The Department is pleased with the Committee's interest in Quality of Life for our Service members and we appreciate the strong, consistent support you have provided us over the years. Our programs have now been tested against the staunchest indicators of success—mobilization and, ultimately, war. We are proud to tell you that the Department's networks of assistance for families and morale support for our troops have proven to be key components of our readiness, and were critical to the success of Operations Desert Shield and Desert Storm.

Continued support for the Desert Storm mission will remain our priority until all our troops are returned home safely. But our attention must be focused on another challenge—downsizing and restructuring our force. Again, Quality of Life programs will be key during this transition period. Our programs enable our Service members and their families to lead full and productive lives. The Department has the responsibility to maintain responsive service levels during this period even though many installation populations will be declining. Quality of Life services such as relocation assistance, child care, financial assistance, and basic community services, must not be withdrawn prematurely. In this regard, we want to aggressively manage Quality of Life restructuring to support our members and their families.

The Department has made much progress in the last few years in strengthening its Quality of Life philosophy, and in clarifying its Quality of Life policies and programs. This statement discusses first the value and effectiveness of programs during Desert Shield/Storm and then the progress made and future outlook of programs to meet the needs of Service members and their families.

DESERT SHIELD/STORM SUPPORT

With the massive deployments to the Persian Gulf, military and civilian family support programs moved into action. Department family centers became the focal point and catalyst to fill in the gaps for families' individual support systems. Our centers enhanced staffing, lengthened hours and established hot-lines to allow relatives and friends of Service members to obtain general information about the Persian Gulf operation. Upon deployment, the family centers also provided thorough informational briefings on a multitude of issues. Family center services provided on the installation served all military families including Guard and Reserve families.

We found, as expected, that our family members are confident and competent. Our job is to keep them informed, support them when necessary, and encourage self-sufficiency. They supported themselves through the highly successful Navy Ombudsman program and the formation of Family Support Groups. We assisted with financial assistance, employment assistance, referral within the military community and outside to the civilian sector. We stepped up our counseling services to provide added support where needed and we helped with child care. Family Centers at our bases became the heartbeat of military community family support services and provided outreach to our newly mobilized family members. We must not underestimate the courage, strength and patriotism exhibited by those who waited (and still wait) for loved ones to return.

Support to Guard and Reserve Component families was also enhanced. The National Guard formed over 200 additional family centers through its Family Program Coordinators in each state. A significant role for these family programs was in providing information for families who suddenly find themselves part of the Military community. Reserve units held pre-deployment briefings for families on subjects like pay and allowance issues; dependent military I.D. care authorizations; medical care; commissary, exchange, education and recreational service benefits; legal assistance services and child care availability. Additionally, the briefings provided the guard and reserve families valuable information on their reemployment rights. To assist in this vital dissemination of information, DoD also published and distributed over 150,000 copies of "Ordered to Active Duty: What Now?" a publication which provides information on compensation, entitlements, medical programs and other issues of importance to Guard and Reserve families.

A close relationship with civilian community service agencies had been established and their support across the country has been tremendous and critical to the support of our families. The Red Cross has been a valuable source for families to call if they are not located near a military installation. Red Cross chapters across the country provide information and referral, and assist with volunteer support and organized community family support groups. Additionally, organizations such as the American Legion, the United Way, the USO, Family Service America, the Armed Forces YMCA and a myriad of mental health and community organizations have made special efforts to establish programs and services for families. We also published a handbook entitled "Crisis Intervention With Military Families—A Guide for Community Support at Agencies." This handbook, designed to assist the civilian agencies that worked with our families, was in great demand during the war and continues to be requested in our reunion efforts.

In Department schools, counseling staff was increased and special programs were instituted for children. A story/workbook entitled "Someone in My Family Went Off to the Middle East" by Dr. Dennis Embry was donated and distributed to military children. And in a cooperative effort with the National Association of School Psychologists, a plan of action to address the needs of children and families served in Department schools has also been developed.

On the morale support side in the Persian Gulf, we faced unusual cultural and religious customs in addition to the heat. This changed the applicability of the usual recreational support models. Screening of reading materials and providing appropriate physical activities for leisure time encumbered the process. In spite of these difficulties, morale and recreation activities were established throughout the Persian Gulf region. The Air Force established recreation centers, almost over night; and the Army, acting as a Department executive agent, leased a cruise ship to provide 800–900 Service members per cycle a secure Rest and Recreation (R&R) program. These programs became issues of paramount importance for a "waiting" force. The military exchange and Morale, Welfare and Recreation programs have provided tremendous aid to forces in the Persian Gulf. The Army and Air Force Exchange Service (AAFES) expanded the Dhahran distribution center, receiving and distributing merchandise to the troops within 44 days of deployment. Through a joint effort between AAFES and AT&T, "Desert Fax" was initiated and became one of the most popular means of communication for many families. Retail and food sales exceeded $100 million, which includes $11 million in catalog sales. Imprest funds were established for 135 units throughout the Persian Gulf, providing merchandise and services to the forward areas. This mobilization has reinforced the direct link between mission readiness and morale support activities for our forces.

Our MWR activities in the Desert received assistance from a variety of national and local community organizations. Organizations such as the Armed Services YMCA, the USO and Red Cross provided the perfect complement to our efforts to maintain an open line of communications between families and Service members during Desert Shield/Storm. The Armed Services YMCA's offered 85 different programs that directly supported over 150,000 individuals and family members. The USO and Red Cross were of great assistance in distributing many of the donations we received throughout the campaign. Red Cross workers were on site with the troops, while the USO ran several celebrity tours into the operating theater under very difficult conditions. We learned from Desert Shield/Storm that private sector organizations such as these are integral to our Quality of life.

Our programs fulfilled their mission in a magnificent manner. Of course, some problems may have occurred, however, resolutions will be worked out in our "Lessons Learned" exercises. Our analysis demonstrates that during times of deployment, all families experience stress and require special attention. A Quality of Life infrastructure was in place to build a quick, responsive network with a variety of capabilities for mobilization. The Department of Defense established this diverse infrastructure prior to the initiation of Operation Desert Shield in recognition of the strong relationship between family well-being and individual military performance.

We want to thank you for your concern and active participation in caring for families. The Dire Emergency Supplemental Appropriations Act will help ease the financial burden many installations have borne. It will also allow us to reach out in a stronger capacity to more of the reserve component families living outside the span of our military installations.

MILITARY FAMILIES

The measure of importance of the military family in readiness and retention has been difficult to quantify, although we know that spouse satisfaction is a primary factor in decisions to stay in the Service. Recent military confrontations in Panama and Southwest Asia verify that family concerns if not properly planned for can override all other readiness factors. State of the art communications keep our Service members in touch with the worries, concerns and problems of their families left behind. Their confidence and dedication to the job at hand while deployed are inextricably tied to the perceived welfare of their families. And on the home front, the media provides our families a moment by moment playback of casualties, specific conflicts, sorties, explosions and many gruesome details of war. Our information networks become vital to the peace of mind and security of our military families.

The family center has become the military focal point for help and assistance not only in time of war but also in times of peace. Programs address the unique and demanding lifestyle of the military. They are designed to help with frequent relocation, financial problems, adjustment to new locations particularly in new cultures overseas, family advocacy support and counseling when our families are in personal crisis and much needed information and referral. Though we know from Desert Shield/Storm that, family centers have proven their worth, there is always room for improvement. In this regard, we are still implementing some core programs at most installations. We want to keep up our momentum and not lose sight of our goals to enable self-sufficiency in the family support arena as we downsize the military structure. Where installations are closing, particular care must be taken in Quality of Life programs, not to turn out the lights before all have departed. As in deployment, family support programs will be a cornerstone during transition to a smaller force. Major Quality of Life program highlights follow:

CHILD CARE

We have made significant progress during the past year in improving the quality, affordability and quantity of child care for military members. We have been very successful in increasing the amount of appropriated funds available to our child development programs. We executed $98,000,000 in our centers and $21,400,000 in the Family Day Care Home Program. We added 510 new civil service positions to our workforce. Although we fell short of the 1000 called for in the Military Child Care Act of 1989, we expect to see improvement this year.

A major concern of all parents is access to affordable quality child care. During 1990, we increased the available child care spaces by over 8,700. The increase was the result of increases in the number of Family Day Care Homes. We now have a combined capacity of 129,000. At the same time, our waiting list for care increased to 59,858, up 16,109 from last year. The new DoD fee policy has made child care more affordable throughout the system. Fees are based on a sliding scale and parents pay according to total family income. This has enticed many to put their names on waiting lists. We continually receive many positive comments from our enlisted personnel who feel the new fees have really helped them.

As you know, we are in the middle of a test to increase the wages of our caregiving personnel. In June of last year, we implemented a caregiver pay banding system which related wages to job performance and training. Caregivers wages start at $5.93; fully trained caregivers make $7.27 per hour. We have received the report of the first six month implementation of the wages and found the test to be a tremendous success. The turnover rate is now below 40 percent in all services. This compares to previous turnover rates as high as 300 percent. In most cases we actually have applicants waiting in line to take our jobs.

The caregivers must now complete training in order to keep their jobs and be promoted. We have added professionally qualified training and curriculum specialists at nearly all locations. The effect of training is beginning to show in the quality of care offered in our centers. We know that children need consistent, well trained caregivers for optimum development. Training and wages are the key to a stable competent work force.

Our inspection/oversight process is also reaping benefits. We believe that quality is a product of oversight. We have fully implemented the quarterly unannounced inspection process in all services. Although our first round of inspections uncovered some problems, the military Departments are moving rapidly to correct deficiencies. As we begin our second year of comprehensive inspections, we expect to see things in better shape all the way around.

Finally, we are making parent involvement in our child development programs a top priority. We are establishing parent advisory boards at all our installations and implementing various parent involvement programs.

This past year has been a year of change and growth in the child development program. We will continue to work on improving our programs to offer the best possible care at a reasonable cost to our parents.

FUTURE INNOVATIONS

Providing care and activities for dependents of Service members is a top priority when working towards a superior quality of life in the military. Groups of people oftentimes overlooked are our elderly and our youth populations.

Currently, the Department is exploring methods wherein we can provide assistance to support our military families with elderly dependents and family members, and we are working toward expanding the youth and adolescent programs. Given demographic trends toward an aging population, it is increasingly more important to ensure the well-being of elderly dependents and to make available services to our military families to adequately provide for their elderly loved-ones. In addition to the elderly population, it is imperative to provide activity opportunities and options for our youth to challenge them both physically and mentally.

FAMILY ADVOCACY

Within DoD, the Family Advocacy program responds to the problem of child and spouse abuse. Functions of this program are to provide prevention and treatment services; to train and educate families, command and staff; to maintain a central registry for substantiated cases; and to conduct research and program evaluation.

We are in the final stages of standardizing Family Advocacy policy and procedures across the four Services. A set of critical Standards will be phased in over three years. As we progress into the 90's we need the funds budgeted for FY 1992 to strengthen Family Advocacy. Incidents continue to increase, requests for assistance are up, and senior commanders are requesting additional support. Without additional funding for prevention and treatment, families do not get served or are referred out on CHAMPUS. Over 30 percent of the suspected and substantiated cases of abuse are referred out to CHAMPUS. We lose influence over bringing these to a positive successful resolution when CHAMPUS is used.

Furthermore, as we enter a time of extended uncertainty and a change in the force structure, stress will dramatically increase. Past experience tells us family violence will increase also. This type of stress often leads to family problems that will require intervention and counseling, a service provided by our Family Advocacy staff. During Operation Desert Storm, the Family Advocacy staff was a primary support assistance for families experiencing stress and dysfunctional behavior and in need of parenting support.

Our funding also covers the operations of the Family Advocacy Command Assistance Team. Since its inception three years ago, we have deployed the team 10 times. We are pleased to report that the use of this team has resulted in improved emotional support for the victims and their families, improved management of the incidents by command and installation level staff, decreased claims against the government, and prosecutions in 7 of the 8 completed cases. Your support in funding this vital program is one of our highest priorities in Quality of Life.

RELOCATION ASSISTANCE

As you know, the 1989 Defense Authorization Act mandated the establishment of a Relocation Assistance Program (Public Law 101–189). The Department's approach to Relocation Assistance is based on a philosophy of educating and enabling military families to manage the challenges and maximize the opportunities that are inherent in the mobile military lifestyle. This lifestyle means our families must relocate to meet military requirements. With the force structure changes coming as part of the downsizing of the force and the rebasing actions to support a new military by 1995, some families will be moving sooner than anticipated. Relocation programs will be even more important in these turbulent times of reshaping the Department.

The Army has taken the lead in implementing the Relocation program and has developed an excellent model. Installations, such as Fort Carson, Fort Sill, and others have established responsive programs that include family needs assessment, predeparture relocation counseling, automated information on all installations, and seminars that provide skills for dealing with the many issues of a mobile military lifestyle. This broad approach to Relocation Assistance focuses on change management and family adaptation because the turbulence of moves and family separations can have long-term negative effects on commitment, productivity and mission readiness as well as on family stability.

The Department has made significant progress in this program. We published implementing instructions and have budgeted for uniform relocation services in FY 1991 and FY 1992. Current initiatives include development of a DoD-wide relocation automated information system, development of training for program staff and establishment of program evaluation and assessment. This program not only assists active and reserve personnel and families during permanent change of station (PCS) and mobilization, but will play a primary role in supporting families who will transition to the civilian sector as a result of the downsizing of the force.

DEPENDENT SCHOOLS

The education of dependents is a very important Quality of Life issue to parents whether it be in the civilian community, at an overseas dependents school (DoDDS), or at a Department of Defense Stateside (Section 6) Dependents School.

Our overseas schools enroll approximately 150,000 students. The stateside schools (Section 6) provide education to minor dependents of military personnel in 68 schools located in 8 states and Puerto Rico. The student enrollment for the Section 6 Schools is approximately 34,000.

Legislation that establishes the Section 6 Schools requires that these schools provide an education comparable to other school systems within the State where it is located. In this regard, each Section 6 School has its own locally elected school board. The curriculum is based on the curriculum used by comparable school districts and the budget of each school system is based on per pupil costs of comparable school districts in the State.

These schools address a crucial educational need of our military children. During the drawdown, our goal is to maintain the high quality of education currently provided by dependent schools worldwide. Many schools will decline in enrollment rather than closing; in this event, we must recognize that the cost per student will increase as economies of scale decrease.

Regardless of the drawdown, the Department remains committed to excellence in our dependents schools. We are emphasizing achievement of the President's National Education Goals and have established measurable objectives to support these goals, including in early childhood the development of a program similar to Head Start and in high school doubling the percentage of graduates who complete physics and calculus courses. This year, 2,300 teachers are being trained to improve the teaching of mathematics at all grade levels. Parent involvement has expanded to include (1) a program to train parents to train other parents in how to help their children succeed in school, (2) greater emphasis on instructional issues in School Advisory Councils, and (3) serving on panels to screen candidates for administrative positions. Improving literacy is a primary goal of DoDDS. The reading and language arts programs in DoDDS emphasize the reading and writing connection, beginning in kindergarten. This connection improves reading comprehension and writing proficiency. Students learn that reading is not just calling words, but comprehending meaning in sentences, paragraphs and in complete written works. The quality of our education system is evidenced by our high performance at all grade levels on nationally administered standardized tests and in participation and performance on the SAT college entrance exam. Yet, considering direct educational costs, we spend at the national average per pupil.

VOLUNTARY ADULT EDUCATION

The Military Services off-duty Voluntary Education program provides access to educational opportunities for active duty and Reserve component personnel. It allows individuals to pursue professional and personal education goals and, at the same time, enhances their readiness for training and mission-related duties.

Military members have the opportunity, while in Service, to take college admissions tests, college course equivalency tests, and career interest inventories. They have the opportunity to study independently via correspondence, tape, computer, etc. or take courses in a classroom on the installation or at a nearby institution. Service members may talk to a trained education counselor or use a computerized guidance system. Publications dealing with information on high school completion, financial aid, new careers in education, graduate business programs plus numerous others are available. These programs and services are available through the installation education center.

There are approximately 1500 education centers, of which 500 are staffed and operate on a full time basis. The other 1,000 operate as sub-centers in smaller facilities or remote locations. Family members, DoD civilians and their families, and members of the community (in that order) have access to the education center's programs and services on a space available, self-funded basis.

The Military Services offer tuition assistance to active duty personnel through Title 10 section 2007. Also, eligible Service members have veterans benefits (Montgomery GI Bill) and Federal financial aid available, in addition to personal funds.

Equal in importance to our internal quality of life efforts, are those partnerships in which we engage our military personnel with the schools in the community. We recently reviewed the partnership program in Pensacola, Florida where a variety of activities involve our people from tutoring to facilities repair.

The Partnership programs are in response to the President's and Congress' desire to establish volunteer programs in schools. The purpose is for the Department of Defense military and civilian employees to volunteer as a community service to tutor students, provide mentoring, conduct workshops, classes, field trips and other activities supportive of schools.

TRANSITION ASSISTANCE

The Transition Support and Services Directorate was established last June with the overall objective of facilitating the development and implementation of transition assistance benefits and services for military personnel, civilian employees, and their families who will be separated during the downsizing to a small force. We have made significant accomplishments during our first year.

We will be assisting the integration of separating personnel and their families into the private sector by offering a transition benefits package that is comparable to the most competitive private sector employers. Benefits include: separation pay; family medical coverage after separation; payment for transportation expenses to a new home; and another opportunity to participate in the G.I. Bill—allowing financial aid for further education. Services being developed or augmented include: stress counseling; financial advice; support groups; relocation assistance; permissive leave for job or house hunting; and extended usage of military housing, on-base shopping, and dependents' schools. Still needed is legislative authority to expand unemployment compensation benefits to 26 weeks for involuntarily separated service members, making this benefit the same as for civilian employees.

A DoD-wide core transition information program has been developed, which is enhanced by joint programs with other Federal agencies as well as by specific initiatives of the military Services. The program includes innovative outplacement and information systems designed to empower separating personnel in determining their best-fit private sector opportunities. These are: an automated resume data base for voluntary referral to private sector companies; an electronic bulletin board for wide dissemination of job and training opportunities; a decision support tool to review career options, vocational training and higher education opportunities, guard and reserve openings, and labor market trends; and a personalized occupational and training verification profile. We will also be expanding the pilot Transition Assistance Program (TAP)/Disabled TAP (DTAP). This three day seminar provides outplacement assistance including tips on resume writing, interviewing skills, and other facets of job hunting, as well as assistance for the unique problems facing the disabled veteran.

Showing their support for our Armed Forces who have most recently been "in harm's way" throughout Desert Storm, scores of patriotic Americans are coming forward—as individuals, companies, professional associations, and so on—to seek out partnerships with us by offering jobs, business advice, networking opportunities and other types of support. American companies recognize that the attributes of Defense personnel—well-trained and educated, self-motivated, disciplined, and professionally diverse—answer many difficulties they face as they look at the projected shortage of qualified personnel in the future workforce scenario.

Throughout the coming years, the DoD will continue to make its mark as a quality employer by providing a fair and equitable transition assistance program for departing personnel, continuing to seek out new and better ways to assist their reintegration into the private sector. We have budgeted $64.8 million and $64.1 million in FYs 1992 and 1993, respectively, for additional counselling and outplacement services alone. Other transition benefits are included in separate budget accounts. We need your support in funding these important transition initiatives.

MORALE, WELFARE AND RECREATION

Now more than ever, as we enter this period of force reduction, we must posture our community programs to help retain the very best individuals and keep them motivated to meet the challenges and frustrations of a changing force structure. MWR programs provide the civilian equivalent of community recreation and physical fitness programs. This includes a wide range of social, recreational and personal development activities to meet the needs of both single Service members and military families. Prices are affordable and in line with our members ability to pay for services. Like adequate housing and medical care, we consider our MWR programs to be essential ingredients in maintaining a high quality of life for our Service members and their families. Key to reenlistment decisions are the community facilities and activities available to our members. There is a strong relationship between the quality of military life we provide and our ability to retain a quality force. MWR programs engender a sense of belonging, a sense of community—the "Our Town" feeling so important to a successful military career.

Our MWR programs serve approximately 12 million people, generate over $10 billion in annual sales, employ 220,000 workers, and account for $5.2 billion in program cost, exclusive of cost of goods sold. Only about 20 percent is through appropriated funds, about $1.3 billion; the remainder is provided through nonappropriated fund support. Appropriated funds operate our libraries, physical fitness centers, recreation centers and augment child care and youth programs. They also pay for shipment of goods to overseas locations, approximately $160 million, and assist with cost of operating at remote locations. With congressional assistance, the Department has restructured MWR activities to make them more business-like, in effect customer driven. Through innovative and exciting marketing programs our Exchange systems continue to provide our military members and their families an important nonpay benefit. In addition, profit distributions furnish the major source of revenue for our MWR programs. This mutually supportive relationship enables our military members to enjoy a better quality of life.

The Services also explored and implemented numerous innovative civilian business concepts into MWR programs. Among these, the Services have tested different civilian employee procedures using pay banding, merit pay and incentive programs to improve efficiency and reduce costs. New portability legislation will allow personnel to move between different MWR programs regardless of whether funds are APF or NAF. There are opportunities for individuals to achieve career growth in different MWR activities.

We have cautiously explored the use of commercial sponsorship in some of our MWR program events and are meeting with some success. This is a new area that we think can provide many mutual benefits, not only for the many Service members who use our MWR programs, but also for the various civilian businesses and enterprises who may want to assist in working and supporting military community sports, entertainment and other related events.

We have initiated privatization programs such as motel-like operations at Fort Drum, NY and Fort Bliss, TX; brand name fast-food facilities involving "Burger King", "McDonalds", and others at military installations worldwide from Germany to Korea; sports-bar concepts such as the one currently at the Naval Air Station in Norfolk, VA and San Diego, CA. We are also exploring a contracted bowling facility arrangement at Great Lakes Naval Training Center, IL.

Given the makeup of revenue and non-revenue generating community programs, MWR maintains a delicate balance of appropriated and non-appropriated funds to sustain a strong quality of life on each installation. Financial pressure will mount with the projected drop in revenue as installations close and we bring some of our forces back from Europe. We intend to monitor carefully the impact of this transition on the quality of life of our Service members and their families. Reduction in community services will be taken cautiously to ensure that we do not withdraw support systems prematurely. For those who will remain, a stable quality of life will help us retain the best. The Department has received unfavorable nonappropriated fund audit reports on the Air Force MWR program and the Army billeting program. In both cases corrective actions are being taken to make long-term improvements in these operations. We are satisfied that we are moving in the right direction; however, we will continue to strengthen our oversight of these critical areas.

Another key piece of our quality of life program is our commissary system. It is the second most important benefit for our military members and their families. This benefit, which provides almost a 1.7 billion dollar compensation value, is even more important now that it has been extended, on a limited basis, to our Guard and Reserve members and their families as well as those individuals who have retired from the Reserves. In addition, Congressional assistance in providing this benefit to those members involuntarily separated from active duty during the force reductions emphasizes its importance. We want to maintain the 25 percent savings for our customers. We are also currently surveying a large cross section of commissary customers to project needs into the 21st century. In view of the importance of this benefit to our total force we are committed to improvement of the quality of this valuable entitlement for our military members and their families. We know there are challenges in this area.

CONCLUSION

The Department has made a concerted effort to improve the Quality of life of Service members and their families. We believe the pay off for this commitment will be returned many fold. In terms of readiness, the future smaller force must of necessity be a higher quality force. Our challenge is to maintain the momentum for improvement in Quality of Life programs. Your support has been evident as we have methodically increased resources to critical programs. Quality of Life reductions cannot be absorbed on dollar per capita basis. We ask your continued support and consideration through this time of reduction.

MARITAL STATUS

Senator INOUYE. One of the major changes in the profile of a military member today, and say 40 years ago, is in the marital status. For example, today 57 percent of our members have dependents, and most of them have children. In World War II—I am not certain about the whole military—but in my regiment, I know that we had less than 5 percent with dependents, and very few had children.

So there were no schools—at least I was not aware of any schools at that time. I have never met a gynecologist or pediatrician during World War II, but today there are more gynecologists than orthopaedic surgeons, I believe. [Laughter.]

CHILD CARE CENTERS

We have child care centers. On the few trips that this committee has taken, we have made it a point to visit these child care centers. I notice that there is really no uniformity. In some camps they are beautiful, well equipped, well staffed, and in other areas, just the opposite. Then I note in every camp that there is a long waiting list.

What will this budget do as far as a waiting list is concerned?

Ms. WOODS. The budget does include addressing that. We really want to communicate to you that we believe that this has been a year that we have made substantial progress. But we also know that we have some measures ahead of us that we have to move.

The Military Childcare Act that was legislated last year went into effect in January of this year when we were able to put out instructions relative to that. And we have seen the services come on board with beginning to be able to meet the additional positions that are a part of that legislation, and doing the spending of the appropriated funding that is a part of that legislation.

We are sensing—and actually through specific inspections that are taking place—that, in fact, we are seeing improved quality. We have implemented caregivers' wage increase that not only gives increased wages that helps with the turnover problem that we had previously, but also that enables us to have some requirement on how long a person can be in a job, if they do not meet a certain standard—we put a professional standard on it—they cannot stay in the job. We are seeing improved quality. We are seeing more affordability because we have had a parent-fee requirement that has gone in as part of that. And we are seeing increased access.

In this past year, we increased the availability of family home care. And it is our intent to continue to expand that. That expanded some 12,000 participants over the past year. And we are engaged now in a 5-year demand study that shows not only the potential for people who might want to use it, but we are looking through the services in this study that is under way, to determine those who are actually requesting military child care to project our future demand.

It is something that we were late getting started in the fiscal year because of when the appropriation came through and when the legislation came through, but we believe we are making tremendous progress.

Senator INOUYE. I would like to commend you on that, too. But I hope we can somehow make that waiting list a little smaller.

Ms. WOODS. I should make one other point with you, Mr. Chairman, and that is that one of the things that we recognize is that we have to look beyond our own existing center capacity and family home care to other ways that we can have information referral in the United States, locations.

Senator INOUYE. Several years ago during a private briefing by the police department in Honolulu I was advised that there was a disproportionately large number of spousal abuse cases involving military personnel. So I brought this to the attention of the Commander in Chief, and he looked at me in disbelief. But, as history shows, that was the beginning of the Family Advocacy Program.

At that time, it was a surprise to all of us, because the military is a selected portion of our population, and yet we found nationwide a higher incidence, percentagewise, of spousal and child abuse. What is the situation today?

FAMILY ADVOCACY PROGRAM

Ms. WOODS. We have in place a Family Advocacy Program that deals with, as you know, both child and spouse abuse. Our program is more structured in terms of our service to spouse abuse because we are able to do that with the military community being a part of our ongoing activities so much. The program has done a couple of things that I believe we feel proud to report on, but we know that we have additional needs, and this budget does reflect that.

We have in place very good child abuse or spouse abuse counseling services, but we have an incredibly high caseload. Our counselors have between 70 and 100 cases per counselor; the national average is 30 per counselor. So we have in this budget a doubling of that spending for family advocacy programs relative to that.

In addition, the Family Advocacy Program is becoming very integrated into the community command overall, and I share with you one experience. When I was in the first month or two of my job and traveling to get a feel of how things really operate on base, I talked with a community commander in Germany and his immediate comment to me was that the Spouse Abuse Program had been able to really help him in ways that he did not know that he had available to him until he started with this particular location.

That was that he was able to advertise in his community newsletter and in regular communications at town meetings that people had resources available to them to go to. And it was not any longer a matter of him following up on a police report and sort of dealing with something in an enforcement way. But the extra spending has a very strong emphasis on prevention and treatment services.

We have been building the structure for getting the counseling services in place and for the reporting mechanisms. And we really are now looking more toward prevention.

Senator INOUYE. In the U.S. Senate we look to Senator Domenici as a leader in child care center, family advocacy, mental health. He has been the chief proponent of all of these programs on this committee.

I have many other questions, but I would like to, at this point, call upon my colleague from New Mexico.

Senator DOMENICI. Thank you, Mr. Chairman. I thought you were going to say I qualified for all those accolades because I had more children than any other senator.

Senator INOUYE. Yes; for the record, he has got nine.

Senator DOMENICI. Eight. I have had more in college at one time than any other Senator in the history of the Republic. So that is my real claim to being a Senator. I want you to know that is my real claim to fame. If you want to know how many at one time, believe it or not, I had five in undergraduate college and two in law school out of the eight. I do not know how we did all that.

I told all the honorarium people their checks went right to universities. They were very nice when I told them that. They asked which ones. They were good schools too, so they were very glad.

DOD EDUCATION FACILITIES

Let me ask you a couple of questions in this area. First, on education. Do you know whether the Department of Defense attempts to evaluate the performance of our young people being educated in our DOD educational facilities, as compared with children in an average public school in America? And if they do, do you keep some record of this that we could get, some statistical comparison?

Ms. WOODS. We do, indeed, Senator.

Senator DOMENICI. Could you tell us generally, do they do as well, better, or what?

Ms. WOODS. Better. And I can tell you in a couple of ways. On national norm tests for our students in grades 3 through high school that are given CTBS tests that are standard that are given within the United States, too, our students generally do better than average and somewhere between 58 and 70 percent above the national norm.

In the SAT testing, our students perform, again, nationally normed as you know, but we have a much higher percentage of students taking the test, and they rank within the top 10 of those that are in the top 10 States of that percentage of people taking the test. We generally have well above average test scores. We do not feel that that is adequate. We have had a very major focus on improving both test scores. And we like to look at it in an evaluative sense beyond national norm tests.

As part of our implementation of the national education goals we have some specific standards in place to meet. We also have increased the number of advanced placement and honors activities as a means of having a high emphasis on increased performance in our schools.

And we have just, in this budget, included this year a 7-period day which we consider to be something that is very important to an increased emphasis on instruction. That is controversial. There are always people who wonder whether or not that is going to be effective, but we have heard from or parents that they want it. We try very much to listen to our parents.

The parents in the military have a very strong commitment in value education, very highly. This is a reflection, we believe, of the all-volunteer force.

I was in a meeting just last week with community commanders on this subject and they wanted summer school, and I said it costs dollars. Do you think parents want it just for filling time in the summer for babysitting. And they said, absolutely not. We are really looking for not just time fillers.

Senator DOMENICI. I have about five or six more and I do not want to keep you or the committee long, so just be a bit brief in your next answer for me. Do you know whether any comparison of DOD students with average public students has been done with reference to why they are doing better? Has anybody attempted to do that? Do you know?

Ms. WOODS. No.

Senator DOMENICI. Could you find out please?

Ms. WOODS. I do not know and I will check that.

Senator DOMENICI. And if that has been done, could you furnish for the record who did it and what their conclusions were?

Ms. WOODS. Yes.

Senator DOMENICI. I think that would be interesting. If they are doing better it would be nice to know, with all this emphasis on education.

Ms. WOODS. It is not a surprising question, because we can talk about performance and we are a subsection, too, of the community. We do not have the lower economic section of the urban environments we are dealing with, so that is something to be aware of as you talk about our performance.

Senator DOMENICI. Of course, experts would do that, filtering it out, but it would be interesting to know whether we have done it.

[The information follows:]

A study has not been conducted to determine why DOD students are doing better than their counterparts in the United States. We know, however, that the DOD schools have many of the elements identified by the Effective Schooling Research studies for success in schools. These elements are a clearly defined curriculum, focused classroom instruction and management, firm and consistent discipline, a safe and orderly environment, high expectations, close monitoring of student performance, hosme/school cooperation and support, and strong instructional leadership.

Parent organizations mention the military discipline and orderliness, high percentage of two-parent families, and emphasis on education and training for service members as characteristics associated with success in schools for DOD children. Perhaps one of the most significant factors contributing to high student achievement in DOD schools is that the teachers in DOD are able to focus on instruction in a way that many public school teachers cannot. There are fewer discipline problems compared to some schools in the United States.

The May 1983 Report of the Comprehensive Study of the Department of Defense Dependents Schools stated that nearly 80 percent of teachers rated student discipline as excellent or good; virtually 100 percent of school principals rated discipline as excellent or good. In the 1989 "System wide Report Card from DODDS Parents," fewer than 6 percent of parents responding stated that student discipline was a problem. In contrast to DOD parents, the 1989 and the 1990 Annual Gallup Poll of the Public's Attitudes Toward the public Schools stated that discipline is a major concern of parents in the Continental United States.

Finally, DOD students reflect a unique subset of the society. Almost all of their parents have attained at least a high school diploma and many are college graduates. These students have military parents who themselves are adult learners and regularly attend military training classes. This helps to reinforce the importance of education and to establish high expectations for student achievement. Parental support in schooling is high and this also contributes to the achievement of high academic success in school. It follows, then, that DOD students' achievement levels do and should reflect these favorable circumstances.

SPOUSAL EMPLOYMENT

Senator DOMENICI. Now in the United States where you have a family made up of a father, mother, and children, that there are very high percentages of both spouses working. Does the U.S. military, with reference to the spousal employment, do we compare with the national average or are we different?

Ms. WOODS. I will have to verify a statistic in this or ask to verify it. I think we are about the same as the national average, but I would ask to be able to check that for you. I think close to 60 percent of our spouses are employed, but I just am not sure.

Senator DOMENICI. Let me assume we are similar to the national average and let me ask you with reference to child care, do you have a variety of child care or, because it is more of a collective society, do you only have one kind? In our society at large the proposals have been to have children taken care of in a home by relatives and church related, and the public facilities. Where are we going in the defense child care?

Ms. WOODS. We do have a variety of modes, but we have established standards for those modes. We have child development centers and we have family home care programs that are both regulated by the Military Child Care Act, which put in place for the Department of Defense some specific requirements of standards for quality of delivery, standards relative to safety, and things of that nature, and requirements related to fee schedules.

We consider ourselves to be average or above when we compare our standards to stateside. We can see that in some cases we are above. We are about with the national average or above is where we are on that generally. Anything that is, if you will, DOD sanctioned or run has to fit within those basic standards.

Senator DOMENICI. Are they reduced to some kind of regulatory process? Do you have a pamphlet on them?

Ms. WOODS. We have a DOD instruction on those, and then each of the services puts out implementing instructions. Those have just gone in place this year.

Senator DOMENICI. I wonder, Mr. Chairman, if we could make those a part of the record? Would you make those a part of the record?

Ms. WOODS. Surely.

[The information follows:]

DEPARTMENT OF DEFENSE INSTRUCTION

Subject: Child Development Programs

References:
- (a) DoD Instruction 6060.1, "Training Manuals for Child Care Givers on DoD Installations," January 19, 1981 (hereby canceled)
- (b) DoD Directive 1342.17, "Family Policy," December 30, 1988
- (c) DoD Directive 4001.1, "Installation Management," September 4, 1986
- (d) DoD Directive 5124.2, "Assistant Secretary of Defense (Force Management and Personnel)," July 5, 1985
- (e) through (o), see enclosure 1

A. Purpose

This Instruction:

1. Replaces reference (a) and establishes policies, assigns responsibilities, and prescribes standards and operational requirements for child development services for eligible minor children of DoD military and civilian personnel in accordance with references (b), (c), and (d).

2. Authorizes the publication of child development service manuals under DoD 6060.1–M, consistent with DoD 5025.1–M (reference (e)).

B. Applicability

This Instruction applies to the Office of the Secretary of Defense (OSD), the Military Departments, the Joint Staff, the Unified and Specified Commands, the Defense Agencies, and the DoD Field Activities (hereafter referred to collectively as "DoD Components"). The term "Military Service," as used herein, refers to the Army, Navy, Air Force, Marine Corps, and the Coast Guard when it is operating as a Service of the Navy, or when it is operating as a Service of the Department of Transportation (DoT) by agreement with the DoT.

C. Definitions

Terms used in this Instruction are defined in enclosure 2.

D. Policy

It is DoD policy that on military installations and in their DoD facilities and for the benefit of military and civilian dependents:

1. Child development services shall be provided as needed for effective operation and for accomplishment of assigned mission and tasks.

2. Child development services shall promote the intellectual, social, emotional, and physical development of children.

3. Child development services shall be provided by competent and trained personnel under safe and sanitary conditions.

4. Child development services that are staffed and operated by DoD personnel shall comply with DoD Directive 6400.1 (reference (f)) and DoD 6060.1–M–18 (reference (g)). This is consistent with DoD policy to provide comprehensive and coordinated programs to prevent child abuse and promote early identification and intervention in case of alleged child abuse.

5. The need for child development services for military members and DoD civilian employees shall be determined by local needs and such factors as:

a. The number of military and civilian personnel needing child care services.

b. The need to support readiness by addressing military child care needs during deployments, mobilization, and other missions of the military installation.

c. Problems in recruitment or retention of military and civilian personnel resulting from a lack of child care services.

d. Absenteeism or productivity problems that could be alleviated by reliable child care services.

e. Availability of comparable services at comparable rates in the private sector.

6. The primary sources for DoD-sponsored child development services shall be child development centers and family child care/family day care homes. Alternative child care options should be encouraged and may include, but are not limited to, resource and referral services regarding availability of care, before and after school programs, and parent cooperatives.

7. Programs and activities conducted under this Instruction shall comply with DoD Directive 1020.1 (reference (h)). No handicapped person who meets the essential eligibility requirements for receiving services under reference (h) may, solely on the basis of handicap, be excluded from participation in, be denied the benefits of, or otherwise be subjected to, discrimination with regard to such services when such programs and activities can reasonably accommodate the special needs of the child.

8. Child development centers that are staffed and operated by DoD personnel are Category B, "Morale, Welfare, and Recreation Activities," in accordance with DoD Directive 1015.6 (reference (i)), and shall be operated, maintained, and funded by a substantial amount of appropriated fund support, but shall retain the ability to generate nonappropriated fund revenues from parent user-fees. Appropriated funds shall be used for child development center construction; renovation; meeting such operating costs as equipment, supplies, utilities, custodial and maintenance services, administrative and supervisory personnel; training and travel; and other authorized uses.

9. Under 10 U.S.C., Section 2809 (reference (j)), DoD Components may consider, apply for, or, as appropriate, contract for the construction, management, and operation of child development centers in response to the need for child care facilities for personnel at DoD installations and facilities. Appropriated fund support of such child development centers may include, but not be limited to, provision of the building and those services permitted under 40 U.S.C., Section 490b (reference (k)).

10. DoD Components, except for those in the National Capital Region (NCR), shall be authorized, in accordance with 40 U.S.C., Section 490b, (reference (k)), to apply to the General Services Administration (GSA) for building space for use in providing child care for DoD personnel when such activities are housed in GSA facilities. The GSA is authorized, in accordance with 40 U.S.C., Section 490b (reference (k)), to provide space within GSA-leased or -managed facilities for use in supporting child care operations for DoD personnel when at least 50 percent of those receiving services are DoD personnel or other Federal employees. Space, furnishings, and accompanying services such as maintenance, lighting, heating, cooling, and electricity may be made without charge to the center. Likewise, space in DoD buildings may be made available to support child care services under this same authority. DoD Components in the NCR shall utilize the space acquisition procedures contained in DoD Instruction 5305.5 (reference (l)) to gain the assignment of space, either Government-owned and/or -leased, from the GSA.

11. Service Secretaries, Agency Directors, or their duly delegated representatives shall be responsible for approving and funding all child development centers located in non-DoD-owned facilities. In such locations, the necessary space allocations for these centers may, with the approval of the appropriate level space manager, safety officer, building manager, and lessor, be located within existing space allocations. If additional leased space is necessary to accommodate such facilities, this requirement shall be managed, processed, and acquired in accordance with the lease acquisition procedures of the local area.

12. All child development services provided in GSA facilities or DoD-leased buildings shall comply with the standards and operational requirements prescribed in

this Instruction and, when required, with all the applicable State and local standards and operational requirements.

13. All child development services provided on DoD installations or in DoD facilities receiving DoD funding or oversight shall comply with the standards and operational requirements prescribed in enclosure 3 and those of the Service with responsibility for the installation or facility where the child care services are provided. Service military design construction criteria or acceptable state and local standards shall be used when child development centers are constructed under the authority of 10 U.S.C., Section 2809 (reference (j)) or 40 U.S.C., Section 490b (reference (k)). Child development centers, provided and operated by service contract under the authority of 10 U.S.C., Section 2809 (reference (j)) or 40 U.S.C., Section 490b (reference (k)), shall comply with the standards and operational requirements prescribed in this Instruction and, when required, with all the applicable State and local standards and operational requirements.

E. Responsibilities

1. The Assistant Secretary of Defense (Force Management and Personnel) ASD (FM&P)), or designee, shall prescribe policies and guidelines for child development services on DoD installations, monitor compliance with child development standards, and ensure that all DoD manuals are published in accordance with this Instruction and DoD 5025.1–M (reference (e)).

2. The Heads of DoD Components, except the Joint Staff and the Unified and Specified Commands, shall ensure that:

a. Child development services are operated in accordance with this Instruction and shall periodically monitor local compliance with DoD and Service standards and guidelines.

b. DoD Manuals issued pursuant to this Instruction are distributed or otherwise made available to all child development personnel on military installations and in DoD facilities and that these manuals are used in the conduct of periodical regional and inter-Service workshops, seminars, and training sessions.

F. Effective Date and Implementation

This Instruction is effective immediately. Forward two copies of implementing documents to the Assistant Secretary of Defense (Force Management and Personnel) within 120 days.

DEFINITIONS

1. Certification Process. As defined in enclosure 3, section F.

2. Child Development Services. Child care services for DoD personnel provided in child development centers, family child care/family day care homes, and alternative child care options. The care provided is on a full-day, part-day, or hourly basis. Care is designed to protect the health and safety of children and promote their physical, social, emotional, and intellectual development.

a. Full-day care. This care meets the needs of parents requiring child care services 5 hours or more per day on a regular basis.

b. Part-day care. This care meets the needs of parents requiring child care services on a seasonal or regularly scheduled part-day basis.

c. Hourly care. This care meets the needs of parents requiring short-term child care services on an intermittent basis.

d. Alternative care. On- and off-post child care programs and services that augment and support child development centers and family day care/family child care home programs to increase the availability of child care for military and civilian DoD employees. These may include, but are not limited to, resource and referral services, parent co-ops, off-post consortiums and inter-agency initiatives.

3. Child Development Center. An installation facility or part of a facility used for child care.

4. Developmental Program. A planned program of developmentally appropriate activities which promotes the social, emotional, physical, and intellectual development of children in each age group. Activities shall include child-initiated and staff-directed activities.

5. DoD Facilities. All or any portion of buildings occupied by DoD personnel.

6. DoD Installation. A group of DoD facilities located in the same vicinity that supports particular functions. A local geographical area under the jurisdiction of a military commander.

7. Family Advocacy Program. As defined in DoD Directive 6400.1 (reference (f)).

8. Family Child Care/Family Day Care. Quarters-based child care provided in Government quarters, owned or leased, in which care is provided on a regular basis

for compensation, usually for more than 10 hours a week, to one or more (up to six) children, including the provider's own children under 8 years of age.

9. Family Child Care/Family Day Care Coordinator. The individual responsible for administering the family day care program. This individual shall be either the child development center director or an employee of the child development program and shall have professional expertise in family day care. In large family child care/family day care programs, additional program monitors shall be supervised by the coordinator.

10. Family Child Care/Family Day Care Provider. An individual who provides care in his or her Government quarters with the approval and certification of the Commanding Officer on a reimbursable basis and has responsibility for planning and carrying out a program that meets the children's needs at the various stages of development and growth.

11. Handicapped Person. As defined in DoD Instruction 1020.1 (reference (h)).

12. Staff-Per-Child Ratio. The number of children for whom one caregiver or provider will be responsible. Staff-per-child ratio varies according to different age groups (enclosures 3 and 4).

13. Support Staff. Person(s) responsible for providing services that are not directly related to caregiver services, such as, but not limited to, janitorial, food service, clerical, and administrative duties.

DoD STANDARDS FOR THE ESTABLISHMENT AND OPERATION OF CHILD DEVELOPMENT PROGRAMS

A. Facility Requirements

1. Capacity

a. Child development centers may be established to provide child development and care for children 6 weeks to 12 years of age for full-day, part-day, and hourly care. Each facility shall accommodate no fewer than 25 children and no more than 305. Centers' programs may provide room/space for infants, toddlers, preschool-age, and school-age children; isolation/toilet; lobby/reception; food service/kitchen, offices, children's toilets, staff/public toilet; laundry; janitorial service; storage (indoor/outdoor); and mechanical/ electrical.

b. Facility capacity shall be validated through a needs assessment that includes a survey of installation population and an examination of installation demographics, to include historical data; i.e., waiting list, unmet demand, projected installation population, alternative care available, changes in mission, and planned requirement based on the mobilization role of the installation.

c. There shall be 35 square feet (SF) of usable space per child in activity rooms used for care. A minimum of 75 square feet of outdoor play area shall be provided per child using the playground during any period. This area shall be capable of supporting a minimum of 50 percent of the children in a center with a capacity of 100 or more children and all the children in smaller centers.

d. Additional SF may be added to accommodate administrative requirements for family child care/family day care, alternative care, program oversight, and/or consolidation of installation child development services.

2. Fire, Safety, and Health.—All child development facilities must be in compliance with applicable Service fire, safety, and health standards or when required with all applicable State and local standards.

B. Program for Child Development Activities

Each child development center shall establish a planned program of developmentally appropriate activities that promote the intellectual, social, emotional, and physical development of the children it serves. The planned program shall be in writing and shall be made available to parents. The plan shall contain a description of activities children engage in and an explanation of how these activities meet their developmental needs. Implementing documents shall include, but not be limited to, requirements for equipment and supplies, staffing plans that provide for continuity of staff, parental involvement plans, facilities, child guidance techniques, and daily activities schedules that promote the intellectual, social, emotional, and physical development of the children.

C. Child Development Program Standards

1. Staff-Per-Child Ratios

a. In child development centers the number of children assigned to each caregiver shall be limited. The following staffing requirements apply to all child development centers:

Maximum number of children per caregiver

Age of child	
6 weeks to 12 months	4
12 to 24 months	5
24 months to 3 years	7
3 to 5 years	12
5 to 9 years	15
9 to 12 years	18

b. Child development centers shall meet the staffing requirement for each age group of children, except during rest time. During rest time, the child-per-staff ratio may be doubled except for infants aged 6 weeks to 12 months if the staff required for the above ratios are involved in staff or program development in the building in which children are sleeping or resting. Volunteers and student help under 18 years of age may not be counted in determining compliance with staff-per-child ratios.

c. Child development centers shall meet the staffing requirements for the age of the youngest child in the group if children in the youngest age category make up 20 percent or more of the group. If children in the youngest age category make up less than 20 percent of the group, the staff-per-child ratio requirement for the next higher category shall be used. At least two caregivers must be present with each group of children at all times. When this is not possible, due to limited room capacity, children must be supervised through closed circuit television or other comparable observation measures taken to ensure oversight by more than one adult. This does not alter the required staff-per-child ratio.

2. Group Size

a. The number of children assigned to a group shall be limited. The following group size requirements shall be met at all times of the day, except during arrival and departure times, rest time, and special activities (such as field trips and playground activities).

Maximum group size

Age of child	
6 weeks to 12 months	8
12 to 24 months	10
24 to 36 months	14
3 to 5 years	24
5 to 9 years	30
9 to 12 years	36

b. For mixed age groups, a child development center shall meet the group size requirement for the age of the youngest child in the group if the children in the youngest age category make up 20 percent or more of the group. If children in the youngest age category make up less than 20 percent of the group, the group size requirement for the next higher age category shall be used. If more than one group occupies a single room, each group must have its own clearly defined physical space.

3. Qualifications of Staff

a. Staff shall be selected on their demonstrated ability to work with children in a group and their understanding of children's needs. All personnel shall be screened to ensure that they are suitable to provide services under this Instruction. Personal, professional, and educational references for all staff members shall be checked prior to employment. Police and other pertinent records shall be examined for conviction of crimes reflecting upon the applicant's suitability.

b. Caregivers shall be at least 18 years of age; hold a high school diploma or equivalent; and have the ability to speak, read, and write English. Caregivers shall be able and willing to undergo prescribed training. It is DoD policy that training, education, and experience shall influence progression from entry level to positions of greater responsibility.

c. All newly hired center directors shall have at a minimum a baccalaureate degree from an accredited college in child development, early childhood education, or a related field including, but not limited to, education, social work, home economics, or psychology, or with 3 years' equivalent experience. Each Military Department shall implement a plan for ensuring that all newly hired center directors meet the above requirement within 2 years from the date of this Instruction. Military Departments shall implement plans to provide training to center directors on the unique requirements of the military environment.

4. Staff Training

a. Caregivers providing child development services in DoD-operated child development centers shall receive training and periodic updates on the latest child care techniques and procedures for providing safe developmental care.

b. Each Military Department shall ensure that a training program is developed for all center staff. The program must specify the nature and extent of the training required for caregiving personnel and address, at a minimum, the subjects listed below and alternatives for delivery of the training. DoD Components shall direct center directors to encourage regular volunteers to undergo prescribed caregiving staff training. Each DoD Component shall biennially assess its training program to ensure it includes:

(1) Applicable regulations
(2) Child growth and development
(3) Child care programming and activities
(4) Health practices, first aid, and cardiopulmonary resuscitation
(5) Nutrition and meal service
(6) Design and use of physical space
(7) Working with parents
(8) Safety and emergency procedures
(9) Child guidance techniques
(10) Child abuse and/or neglect prevention, detecton, and reporting

c. Each caregiver shall regularly participate in specialized training related to child care. All newly hired caregivers shall receive an orientation covering the subjects listed in paragraph C.4.b, above, before working with children.

d. Center directors and supervisors shall participate in training related to the latest techniques and procedures in child care, to include family advocacy programs and center administration/management.

D. Food Services

Child development centers shall provide adequate and nutritious meals that follow United States Department of Agriculture (USDA) guidelines (reference (m)), prepared in a safe and sanitary manner. When cost-effective, each military installation shall participate in the USDA child care food program. Each Military Department must ensure that the nutritional and health needs of children are met and that the food service program contributes to the development of good eating habits.

E. Funding of Child Development Centers

1. Child development programs are Category B, "Morale, Welfare, and Recreation (MWR) activities," and, when operated and staffed by DoD personnel, shall be constructed and funded in accordance with DoD Directive 1015.6 (reference (i)).

2. Fees and Charges. Quality care shall be provided in child development centers for reasonable fees and shall be made affordable to lower ranking personnel and hardship cases. In child development centers that are staffed and operated by DoD personnel, fees shall not be established to earn a profit (i.e., net income) or to provide for capital requirements (buildings and equipment). Fees and charges shall be set to cover nonappropriated fund operational costs. Nonappropriated funds generated outside child development centers (e.g., military exchange dividends or dividends from civilian recreation and/or welfare funds) and contributions or donations from individuals or private organizations may be used to provide supplementary funding or for special equipment or supplies.

3. Funding of child development centers, operated in accordance with 10 U.S.C., Section 2809 (reference (j)), shall be the responsibility of the installation commander and/or the major command. The installation commander may, subject to availability of appropriations and consistent with DoD policy and Federal statutes and regulations, use operations and maintenance funds for such contracts, which term may not exceed 32 years. When computing the contract term, contracting officers should review applicable depreciation schedules to determine the most advantageous situation for the Government.

4. The Secretaries of the Military Departments may provide support for child development centers for the children of civilian employees by authorizing the allotment of space under their control in Government buildings and may do so without charge. The support provided may include the cost of making the space suitable for child care facilities, including the cost of renovations, modification, or expansion of existing Government-owned or -leased space and may include payment for utilities and maintenance. Further, this authority extends to the expansion of existing space in military child development centers in Government buildings to accommodate the children of civilian employees. Installation commanders are encouraged, within the constraints of efficient fiscal management and appropriate utilization levels, to provide services during inactive duty training to members of the Guard and Reserve.

Any and all lease charges or fees incurred in the acquisition, design, and construction of child development facilities in non-Government owned space shall be the responsibility of the requesting DoD Component or as designated by the Secretary of Defense.

F. Certification of Child Development Programs

Secretaries of the Military Departments shall establish procedures for inspection of Child Development Programs and certify compliance with the standards established in this Instruction. Initial inspections and certifications shall take place within 2 years of the date of this Instruction and be repeated thereafter on a biennial basis. These initial and subsequent biennial certifications and inspections shall be unannounced on-site visits by higher headquarters staff. Results of inspection and certification visits shall be forwarded within 90 days of completion to ASD (FM&P) for review. In addition, installation commanders shall, on an annual basis, forward a confirmation of compliance with standards to Service Headquarters. If at any time it is determined that a program is not in compliance with this Instruction, the Services shall notify the ASD (FM&P) or designee and advise the installation that it must meet the standards in the time specified by the Service. DoD shall periodically, but at least twice annually, make unannounced visits to selected installations to review compliance with this Instruction. ASD (FM&P) may use other means in addition to the procedures in this section to monitor child development programs and ensure compliance with standards.

G. Parent Advisory Group

Each DoD child development program shall establish an advisory group that includes parents who have children using the program on a regular basis. A majority of the members must be parents. One parent shall be selected as chairperson. The center director, family advocacy program manager, installation commander or designee, and other representatives of installation offices may be included. The group shall act only in an advisory capacity, providing recommendations for improving services and operations and input on the center's operations. The group's recommendations shall be forwarded through the program director to the installation commander for review and disposition. Parent advisory groups are not advisory committees under the Federal Advisory Committee Act (reference (n)), pursuant to Section 805 of the Military Family Act of 1985, as amended, (10 U.S.C. 113 note) (reference (o)).

DoD STANDARDS FOR THE ESTABLISHMENT AND OPERATION OF FAMILY CHILD CARE/ FAMILY DAY CARE HOMES

A. DoD Components shall regulate family child care/family day care to include, but not be limited to, the following:

1. Screening of all potential providers and their family members to ascertain suitability for providing care. This screening shall include at a minimum a review of mental health and criminal records and a determination of any history of drug or alcohol abuse.

2. Training of potential providers on child development and guidance, health and safety, nutrition, child abuse identification and reporting, first aid, and cardio-pulmonary resuscitation. Training of providers should be updated at least annually. Training of those responsible for program management on program administration, observation, and interviewing of potential providers, adult education, communication, nutrition, health and safety, and child growth and development.

3. Establishing fire, safety, structural, and other requirements for quarters to be utilized for family child care/family day care and procedures for unannounced and annual inspections of all approved homes.

4. Providing operational oversight of family child care/family day care homes including conducting unannounced inspections and periodic recertification. In order to ensure adequate supervision, the number of homes assigned per family child care/ family day care staff member may not exceed 40. Ensuring headquarters oversight of installation family child care/family day care programs including periodic on-site and unannounced inspections of the conduct of the programs.

5. Requiring providers to be at least 18 years of age; have the ability to speak, read, and write English; be physically and mentally capable of providing care for children; and be free of communicable diseases. Services must establish procedures for ensuring that only the best qualified among those who meet the minimum standards are certified as providers. Providing child care in military quarters is a privilege which may be extended to family members of military members at the discretion of the local commander.

6. Requiring that providers serve meals and snacks that meet the United States Department of Agriculture Child Care Food Program (reference (m)) standards and facilitate their participation in food subsidy programs, where they are available.

B. Appropriated fund support for family child care/family day care is authorized for provider training, toys, resource library, miscellaneous expenses, and for operational oversight provided by a coordinator or program monitor.

ASSISTANT SECRETARY OF DEFENSE

March 23, 1990.

Memorandum for:
Assistant Secretary of the Army (Manpower and Reserve Affairs)
Assistant Secretary of the Navy (Manpower and Reserve Affairs)
Assistant Secretary of the Air Force (Manpower, Reserve Affairs, Installations and Environment)

Subject:
Implementing Guidance Required by the Military Child Care Act of 1989

References:
(a) DoD Instruction 6060.2, "Child Development Programs"
(b) DoD Directive 5025.1–M, "Department of Defense Directive System Procedures"

Pending issuance of the revision to the Department of Defense Instruction, reference (a), this memorandum establishes DoD regulations as required by sections 1503 through 1510 of the Military Child Care Act of 1989, to be codified at 10 U.S.C. The procedures set forth below will be reissued in accordance with Chapter 2 of reference (b).

A. Purpose

This memorandum is issued to establish requirements as outlined in the Military Child Care Act of 1989. Section 1503 of the Act requires that the Secretary of Defense prescribe regulations to implement a training program for child care employees. This includes a requirement that at least one employee at each military child development center be a specialist in training and curriculum development. In addition, Section 1504 requires the issuance of regulations establishing fees to be charged to parents for the attendance of children at military child development centers. The term "military child development center" means a facility on a military installation (or property under the jurisdiction of the commander of a military installation) at which child care services are provided for members of the Armed Forces or any other facility at which such child care services are provided that is operated by the Secretary of a Military Department. Section 1505 directs that the Department prescribe regulations on safety and operating procedures at military child development centers and requires that each military child development center be inspected not less often than four times a year. Section 1506 requires that a board composed of parents of children attending such military child development centers be established at each such center to advise on problems and concerns. This board will also oversee the operation of a parent participation program required by Section 1507. Section 1508 states that the Secretary shall prescribe regulations for providing the use of appropriated funds for assistance to family day care providers. Finally, Section 1510 requires that regulations mandated by the Act be prescribed not later than 90 days after the date of enactment of the Act.

B. Applicability and Scope

The provisions of this memorandum apply to the Office of Secretary of Defense (OSD), the Military Departments, the Joint Staff, the Unified and Specified Commands, the Defense Agencies, and the DoD Field Activities (hereafter referred to collectively as "DoD Components"). The term "Military Service," as used herein, refers to the Army, Navy, Air Force, Marine Corps, and the Coast Guard when it is operating as a Service of the Navy, or by agreement with the Department of Transportation when it is operating as a Service of the Department of Transportation.

C. Training

1. All staff working in child development programs in DoD-operated programs shall receive training and periodic updates on the latest child care techniques and procedures for providing safe developmental care.

2. Caregiver Orientation Training—Each Military Department shall ensure that a training program is developed for all caregiving staff. Caregiving staff means those employees who are directly involved with the care and supervision of children

and are counted in the adult-child ratios. All newly hired caregiving staff shall receive orientation training before being allowed to work directly with children. This orientation must address, at a minimum, the following subjects:

a. Position orientation;
b. Applicable regulations and installation policy;
c. Child health and safety;
d. Child abuse identification, reporting, and prevention;
e. Age-appropriate guidance and discipline;
g. Parent and family relations; and
h. Health and sanitation procedures.

3. Initial Caregiver Training—Every newly-hired caregiver shall complete 36 hours of training within 6 months of beginning work. This training shall include in-depth training on the subjects listed in Section C.2., above, as well as the following:

a. Early child development;
b. Age-appropriate activities for children;
c. Cardio-Pulmonary Resuscitation (CPR) and other emergency medical procedures;
d. Applicable regulations; and
e. Food handling nutrition and meal service.

The provisions of this section shall apply to all newly hired employees as well as those currently employed. Employees who are already employed at the time this memorandum is published and do not meet these requirements shall have 6 months from the date of issuance of this memorandum to complete these requirements.

On-going Caregiver Training—Each Military Department shall develop a plan which addresses the ongoing training needs of caregiving staff. At a minimum this plan shall include training requirements that are linked to the DoD caregiver wage plan and shall include an annual review of those requirements listed in paragraphs 1. and 2., above, except CPR which shall be updated as required to keep certification current. In addition this training shall include:

a. Completion of the 13 Military Child Development Employee Training Modules or an equivalent DoD-approved training program; and
b. Daily activities and curriculum implementation.

5. Non-Caregiving Staff—In addition to caregiver training, each Military Department shall develop a plan to train all administrative and support staff including food service personnel, custodial workers. Family Day Care staff, and front desk personnel. Front desk personnel are those employees who are responsible for directly working with parents or other visitors in the reception intake area. This training shall include the subjects listed in Section C., paragraph 2., above, and shall give particular attention to front desk personnel who work with the public. Each of these employees shall be trained in customer and parent relations, facility control, visitor policies, and responding to suggestions and complaints.

6. Volunteer Training—Individuals who volunteer on a regular basis shall be encouraged to participate in caregiver training. Prior to accepting volunteer services, tort liabilities and workers compensation liabilities that may be incurred by their utilization shall be weighed.

7. Training and Curriculum Specialists—The training shall be the responsibility of the training and curriculum specialist. At least one employee at each military child care center shall be a training and curriculum specialist. This person shall be a competitive service employee and shall meet the requirements for the Early Childhood specialist position established by the National Academy of Early Childhood Programs. This should include a minimum of a bachelor's degree in early childhood education, child development, or related field of study, and experience in working with young children in a group program or a graduate degree in early childhood education or child development. The duties of the training and curriculum specialist shall include the following:

a. Special teaching activities at the center;
b. Daily oversight and instruction of other child care employees at the center;
c. Daily assistance in the preparation of lesson plans;
d. Assistance in the center's child abuse prevention and detection program;
e. Advising the director of the center on the performance of other child care employees;
f. Developing or selecting age-appropriate curriculum and staff training materials;
g. Ensuring equipment and materials are available to complete activities;
h. Ensuring staff receive training opportunities required for promotion and upward mobility;
i. Ensuring all staff receive, comprehend, and demonstrate skills as a result of required training; and

j. Coordinating off-base training opportunities and serving as liaison with professional organizations.

8. Training Programs Evaluation—Each DoD Component shall regularly assess its training program to ensure it meets the requirements of this memorandum, the accreditation criteria set forth by the National Academy of Early Childhood Programs, and the latest developments in the field of early childhood education.

D. Child Development Center Fees

1. Developmental care shall be provided in child development center programs for reasonable fees and shall be made affordable to lower income families and hardship cases.

2. A sliding fee scale based upon total family income will be established for use at child development center programs. This fee scale shall be used when children attend the child development center programs on a regular basis, including those regularly participating in scheduled part-day programs. Fees will include all meals.

a. Installations will review fees on an annual basis, using the schedule published by the Assistant Secretary of Defense (Force Management and Personnel) (ASD (FM&P)).

b. Family income will be verified on an annual basis and individual fees adjusted accordingly. The adjusted gross income as reported on the most recent Federal Income Tax Return will be used to determine fees. Parents who are not willing to divulge family income will be required to pay the maximum fees.

3. DoD fee ranges will be published annually by the ASD (FM&P).

4. Lower fees for parents participating in an approved parent participation program may be established (see Section VII, below).

5. In fiscal year 1990, fees received from parents may only be used to compensate child care employees who are directly involved in providing child care. If a waiver to this provision is required, the Secretary of the Military Department concerned, or designee, shall submit a waiver request to the ASD (FM&P). The ASD (FM&P) may waive these provisions and shall promptly report to Congress any use of the waiver authority. This waiver request shall include the reason(s) why compliance with this Section would result in uneconomical and inefficient use of child care receipts, and include cost information to justify the request.

E. Use of Appropriated Funds for Family Day Care Subsidies

Appropriated funds may be used to provide direct assistance to family day care providers so that family day care services can be provided to members of the Armed Forces at a cost comparable to the cost of services provided by military child development centers.

F. Certification of Child Development Programs

1. Secretaries of the Military Departments shall establish procedures for inspection of Child Development Programs and certify compliance with the standards established in this memorandum and reference (a).

2. Each installation will be inspected at least four times a year. Three of these inspections will be conducted by installation personnel, shall be unannounced, and will consist of the following:

a. At least one comprehensive health and sanitation inspection per year.

b. At least one comprehensive fire and safety inspection per year. Structural and maintenance standards will be reviewed.

c. One annual inspection led by a command representative with authority to verify compliance with DoD standards. This inspection should employ a multi-disciplinary team with expertise in the various standards prescribed. Parent representation and input will be included.

3. One unannounced annual comprehensive inspection conducted by a higher level of command (Major Command or higher headquarters). This inspection shall include at a minimum a review of curriculum, training, indoor and outdoor equipment and supplies, and parent involvement. Results of the local inspections should also be reviewed. Parents shall be interviewed as a part of these inspections.

a. The program representatives designated to perform program inspections (Section F., paragraph 1., of this memorandum) shall possess qualifications in early childhood development and shall, at a minimum, meet the validator qualifications required by the National Academy of Early Childhood Programs. This includes a minimum of a baccalaureate degree in Early Childhood Education/Child Development or related field and at least 3 years of full-time teaching experience with young children or a graduate degree in early childhood education or child development.

b. At the conclusion of each inspection, the installation shall develop a corrective action plan which addresses the deficiencies found during the inspection. This will be reviewed during subsequent inspections.

4. Results of these inspection and certification visits required by Section F., paragraph 2., of this memorandum shall be forwarded, within 90 days of completion of the inspection, for review to the Deputy Assistant Secretary of Defense (Family Support, Education and Safety) (DASD (FSE&S)) by the appropriate Deputy Assistant Secretary. In addition, installation commanders shall, on an annual basis, forward a confirmation of compliance with standards to the Military Service Headquarters. If at any time it is determined by a higher headquarters inspector that a program is not in compliance with this memorandum, the Military Service shall notify the ASD (FM&P) or designee and advise the installation that it must meet the standards in the time specified by the Military Service. The ASD (FM&P) shall periodically, but at least twice annually, make unannounced visits to selected installations to review compliance with this memorandum. The ASD (FM&P) may use other means in addition to the procedures in this section to monitor child development programs and ensure compliance with standards.

5. Remedies for Violations:

a. Any violation of the provisions of this memorandum or other safety, health, and child welfare laws or regulations (discovered at an inspection or otherwise) at a military child development center shall be remedied immediately. In the case of a violation that is not life threatening, the commander of the major command under which the installation concerned operates may waive the requirement that the violation be remedied immediately for up to 90 days beginning on the date of the discovery of the violation. If the violation is not remedied by the end of that 90-day period, the military child development center will be closed until the violation is remedied. The Secretary of the Military Department concerned may waive the preceding sentence and authorize the center to remain open in a case in which the violation cannot reasonably be remedied within the 90-day period or in which major facility reconstruction is required. The Secretary of the Military Department may not delegate this authority.

b. If a military child development center is closed under paragraph F.4.a. of this memorandum, the appropriate Deputy Assistant Secretary of the Military Department concerned shall promptly submit to the committees on Armed Services of the Senate and the House of Representatives, a report notifying those committees of the closing. The report shall include a notice of the violation that resulted in the closing, the cost of remedying the violation, and a statement of the reasons why the violation has not been remedied as of the time of the report. A copy of this report shall be provided to the ASD (FM&P), or designee.

G. Parent Partnership

1. Each military child development center shall establish a Parent Advisory Board composed of parents of children attending that center. One parent shall be selected as chairperson. This board shall act only in an advisory capacity, providing recommendations for improving services and operations and input on the center's operations. The boards recommendations shall be forwarded through the program director to the installation commander for review and disposition. This board shall meet periodically with the program staff and the commander for the purpose of discussing problems and concerns and ensuring frequent communication. The board, with the advice of the program staff, shall be responsible for coordination of the parent participation program described in paragraph G.2. Each board shall be formally established and chartered IAW Service regulations. The minutes should be approved by the commander or a designated representative. The boards are not advisory committees and need not comply with the Federal Advisory Committee Act, as amended, 5 U.S.C. Appendix 2, under Section 805 of the Military Family Act of 1985, 10 U.S.C.

2. All child development services programs shall establish a parent participation program. The parent advisory board shall coordinate the development of this program and shall oversee its implementation. This program shall encourage parents to volunteer in child development programs, including special events and activities (such as field trips, holiday events, and special curriculum programs), small group activities, special projects (such as playground improvement, procurement of equipment, and administrative aid), and parent education programs and training workshops. Child abuse prevention education for parents shall be offered as part of this program.

H. DoD Safety and Operating Procedures

1. General Policies and Procedures

a. Employees and volunteers shall be furnished an information handbook detailing operational and safety policies and procedures.

b. The Services shall establish policies which require that each volunteer shall complete an application form which includes two references and a statement that they have no previous arrests or convictions for child abuse or neglect. These policies shall include provisions for background checks which limit the possibility that the volunteer has previous arrests or convictions for child abuse. Volunteers, interns, and students-in-training shall not be permitted to work unsupervised.

c. A parent handbook shall be distributed at enrollment. All other operational policies shall be available upon request to parents. Each center shall have written policies including a discipline policy which is available to parents. The use of corporal punishment is in violation of this policy and is grounds for immediate dismissal.

d. All visitors shall be properly identified, signed in and out of the center, and escorted while in the center or on the center grounds.

2. Staff Conduct and Supervision of Children

a. A supervisory level staff member shall be in the care facility at all times. Supervisory level is defined as the director, assistant director, or person qualified and designated to function in the absence of the director. Regular and supervisory staff shall be rotated for evening and weekend care to ensure adequate supervision of part-time and intermittent staff. Each Service shall establish policies which include provisions for new staff members to be supervised during the first period of employment.

b. All employees and volunteers of the child care facility shall wear a name tag or other identifying apparel.

c. Each program shall develop guidelines for field trips, walks, or other excursions which require the written permission of the child's parent and the center director whenever children leave the center. Vehicles used for transportation of children must be properly operated by licensed drivers and properly maintained. Personal vehicles may be used only in emergencies. When children leave the facility for field trips, walks, or other excursions, the time of departure and return shall be noted. More than one adult must accompany a group of children.

d. No one child, or any group of children, shall be left unattended at any time, including rest times and toileting.

e. Each Military Service shall issue guidance which ensures that an adequate number of staff are present at all times to ensure that staff-to-child ratios prescribed in DoDI 6060.2 are met. The staff-to-child ratios during rest time shall not exceed twice that for the age group of children. Staff members who are not required to be present in the room during rest time must be in the building and available to assist with the children during emergencies. If toilets are located outside the room in which care is provided, no child may leave the room to use the toilet without adult supervision. Staff are not part of the staff-to-child ratios unless they are physically present with the children and actually caring for the children.

f. All Military Services shall issue regulations which require all parents to provide current emergency information before a child is admitted. This guidance shall contain provisions that limit release of children only to a legal parent, guardian, or an adult authorized in writing by the legal parent or guardian. When children are at the center after closing, installation police shall be called for assistance in locating the child's parents.

g. All centers shall establish written policies on supervision of children. This shall include policies on room sign-in and sign-out procedures, assignment of children to a primary caregiver, and maintenance of attendance records and room counts.

3. Facility Control and Visual Access

a. To prevent child abuse by staff at centers, all classrooms or activity rooms shall have a window or other means to allow viewing from the outside and hallways; all other closed areas should have windows; there will be no artwork, draperies, or blinds placed over windows that will hamper viewing; there will be no doors on toilet stalls for children under 5 years of age; and diapering areas must be visible to other adults. Doors to outdoor storage area should be visible from the main building.

b. The reception desk will be located to permit viewing of the building entrance. Exterior doors not opening onto a playground will be equipped with buzzers and alarmed properly to alert staff to unauthorized entry.

c. Parents must be permitted access to the areas in which their child is receiving care. Parents must take their child to the room in which he/she will receive care and pick them up from that location.

4. Facility Safety Standards

a. Facilities used for care of children shall conform to the requirements for child development centers as outlined in National Fire Protection Association (NFPA)

Standards No. 101, Life Safety Code. When a facility serves more than one age group, the requirements for the younger shall apply unless the area housing the younger group is a separate fire area. Centers may not be located in or near a building that houses fuel storage shops, maintenance shops including wood-working and painting areas, laundries, and large kitchen or other areas that may be equally or more hazardous.

b. Programs serving children under 5 years of age shall be located on the ground floor regardless of the type of construction.

c. Exit doors in infant areas where children less than 24 months of age are cared for will be sufficiently wide so an evacuation crib can be easily pushed out. Infant evacuation exits will have a ramp leading to a hard level surface which extends a safe distance from the building. The ramp shall be as wide as the exit door and wide enough at turns for maneuvering cribs.

d. The indoor environment must be maintained at a temperature that protects the health of the children.

e. Hot water plumbing fixtures used by children shall not exceed 110 degrees Fahrenheit.

f. Each facility shall have at least two remote exits. Dead end corridors may not exceed 20 feet in length. Travel distance to exits will not exceed 150 feet from any point in the building, and 100 feet from any occupied door. All means of exits will have illuminated fire exit signs, as specified in NFPA 101. Exit access corridors shall not be less than 6 feet clear width.

g. Children's bathroom facilities should be located within or easily accessible to child activity rooms with child sized fixtures or platforms making them accessible to children.

h. Maintenance, custodial services, and pest control operations shall be provided to ensure a safe and sanitary facility.

5. Playground Safety

a. The playground area shall allow easy supervision of all children. There shall be a variety of playground equipment available. A separate playground area shall be provided for children 36 months of age and under.

b. The outside play area shall be enclosed by a 4 feet or higher fence and have a gate that children cannot open. The size of the gate and playground design shall allow access by emergency equipment.

c. Design, construction and installation of playground equipment shall conform to the U.S. Consumer Product Safety Commission Playground Safety Standards for the specific ages of the children using it, and be maintained according to the manufacturer's recommendations. Merry-go-rounds, narrow steep slides, trampolines, and hard-seat swings may not be used. Openings in equipment shall be less than 5 inches or more than 10 inches to avoid entrapment of a child's head.

d. Equipment shall be placed to allow appropriate fall zones (6 feet for climbing equipment and 12 feet for swings) and shall have impact altering materials of sufficient depths to prevent injury.

e. Poisonous plants and shrubs and other potentially harmful natural materials may not be present on playgrounds.

f. Each center shall have written playground safety operating procedures that have been coordinated with safety officials and made available to all staff. Daily inspections of the playground shall be conducted by the center staff as well as quarterly inspections by safety officials.

g. Outdoor equipment which is damaged, broken, or otherwise unsafe shall be reported to the appropriate local agency immediately by the center director and removed or the playground area shall be made off limits to children until the removal or repair is accomplished.

6. Indoor Safety Requirements

a. All centers shall be inspected daily by center staff and monthly by installation safety and health personnel. Appropriate actions shall be taken to correct deficiencies.

b. Programs shall have written safety policies that are posted and available to parents upon request. Emergency instructions shall be posted at each telephone. A parent shall be notified by the Child Development Staff in the event of a serious injury of his or her child. Written records shall be maintained for all accidents/incidents.

c. All indoor and outdoor play equipment shall be safe, nontoxic, durable, and in working order. Infant walkers, toy boxes/chests, and other similar hinged equipment and equipment identified as unsafe by the Consumer Product Safety Commission shall not be used.

d. All electrical appliances, fans, and similar appliances shall meet the Underwriters Laboratory guidelines. Kitchen equipment shall be inspected and approved by Environmental Health Officials.

e. All windows shall be secured and protected by a barrier. Low exterior windows which may be reached by children shall be tempered safety glass.

f. Interior door and cabinet hardware in child activity rooms shall be operable from either side, without locks, and free from dangerous protrusions.

g. Stairways must have nonslip treads. Stairways used by children must have handrails no higher than 18 inches. Bare floors, stairs, ramps, walks, and porches shall be kept usable and free of hazards.

h. Detergents and disinfectants and other potentially hazardous materials shall be approved by the cognizant environmental and safety officials and properly stored. Disinfectants containing phenolic compounds may not be used. Kitchen cleaning supplies and hazardous material shall not be stored with food items, shall be locked when not in use, and stored out of the reach of children.

i. Lead-based paint may not be used in the center or on the Playground.

7. Fire Safety and Prevention

a. Fire inspections shall be conducted daily by center staff and monthly by the installation fire department. These are in addition to those required in Section F. 2. b. of this memorandum to meet the unannounced inspections required in Section 1505 of the Military Child Care Act. Appropriate actions shall be taken to correct deficiencies. Each program shall publish operating instructions and post them in the facility. Evacuation procedures shall be posted and fire drills conducted monthly.

b. There shall be a designated gathering place for children that is at least 75 feet from the facility.

c. Each center serving infants shall have installation fire department approved evacuation cribs available for children under 18 months old. Infant rooms must have at least one exterior exit with an inclined ramp that is wide enough for wheeled cribs.

d. Exits shall be located so children can be quickly evacuated during emergencies. Each activity room shall have two exits with at least one exit leading directly to any outside area. Outside exit doors shall have panic hardware or fire exit hardware which meets NFPA 101 standards.

e. Each center shall post occupancy loads at the entrance of each activity room.

f. Smoking shall only be permitted in designated smoking areas approved by the installation fire marshal. Smoking may not be permitted in areas occupied by children.

g. Fire extinguishers must be provided in accordance with the Life Safety Code. The maximum distance to an extinguisher may not be more than 75 feet.

h. Exit corridors and exit signs shall be illuminated. Battery powered emergency lights shall be provided in all activity areas and exit corridors.

i. All centers shall have an automatic alarm system connected directly to the installation fire station.

j. Centers shall minimize the use of highly combustible furnishings and decorations. Highly combustible materials may not be stored within 50 feet of a center.

k. Center personnel shall ensure that hazardous heating devices such as radiators and floor furnaces are not used.

I. Effective Date

This memorandum is effective immediately.

CHRISTOPHER JEHN.

Senator DOMENICI. Are the standards you have just described that are in writing a circular?

Ms. WOODS. Yes. We have those in place over the past year. We are reviewing those for changes this summer. And that is because we have had 1 year of implementation before we make them final, and I would be glad to make them available as they come out.

MILITARY FAMILY

Senator DOMENICI. I guess my last line of questions has to do with the family, since you have talked a lot about the family being a very important part of the military and a growing part with our volunteer military. Do you know whether divorce is more predominant among the military of the United States than in the society at large? The same? Average? Or do you have any knowledge of that?

Ms. WOODS. I do not know.

Senator DOMENICI. I think that would be available. I wonder if you might make that available to us.

Ms. WOODS. OK.

I am sorry I just do not know that at all.

Senator DOMENICI. I would not expect you to know that. Some people are wondering why I would even ask such a question. But it seems to me that we are all talking about how do we build a family structure. And then you look at the military and it seems like it is about as good as we are going to do. And then you would expect miracles, I assume, as to it not falling apart like the rest of society. And I am fearful that is not the case.

When you have child abuse and the other things, I think they are up very high and I would like to know about divorce rates. Could we get that please?

Ms. WOODS. Yes; I will be glad to.

[The information follows:]

The divorce rate for the United States population is 18.9 per 1,000. This information was provided by the U.S. Department of Health and Human Services, National Center for Health Statistics (NCHS).

The divorce rate for married service personnel in FY 89 was 24.42 per 1,000. Divorce rate statistics for military service personnel was obtained from the Department of Defense Manpower Data Center-West (DMDC-W).

Although the aggregate divorce rate for the military is higher in comparison to the general population, this is a statistical artifact. Since the military population is a younger subset of the general population, the rate appears higher. When NCHS and DMDC-W data are compared by age group cohorts, the divorce rate for active duty military is lower than that of the general U.S. population.

Senator DOMENICI. Let me ask my last question. In terms of families, do we have a policy regarding a family where a divorce has occurred and the spouse is awarded child custody and the spouse that is awarded the custody is still in the military? That is, the person that was awarded the custody is in the military.

I wonder if in that case there is any special regard given to that kind of single head of household family? Do we have any special kind of programs to help with that kind of problem or not?

Ms. WOODS. The policies in place treat single parents as we do married parents in their access to our various services, like the child care centers and those kinds of services.

There are requirements that go along with being available for deployment, as General Jones was describing for both single and married parents. In some installations—and there is the flexibility for this to be done. Some commanders give special preference to single parents for things like access to the child care centers. But across the board they are treated the same as married parents. In many cases, as you know, both married parents are working, and we deal with a lot of the same phenomena that the single parent does.

Senator DOMENICI. My last question—and clearly if this is not within your domain, fine—but I would be interested in knowing whether we know anything about life after military, in particular for young people. Let us assume that they are in only 4, 6, or 8 years, and they get out. Do we know anything about what happens to them in the nonmilitary environment that they go back into? Is there anything around where we try to find out?

Ms. WOODS. I can talk to you about that some with our DoDDS students, the children, the dependents of people in the military, because that I do have responsibility for, and we do. But in terms of the military member—that is a young member that is engaged in civilian society, beyond that it is really, it is not, again we can take is as a question for the record.

Senator DOMENICI. I wonder if you would ask if we have anything. I am not suggesting today that I know whether we should or not, but it would be interesting.

Ms. WOODS. But your question is around the military member that is young.

Senator DOMENICI. Yes; I guess what I am trying to find out is, I hear from a number of people that are concerned about what is going on in society, that if more young people served in the military, they might learn some things and be better citizens. I think every time they use this kind of term, "better citizen," I think they probably mean better behaved, they will go back to school, they will be all the nice things we expect to happen to people.

You know we already have such an experiment going on, and it would be interesting to know whether it happens or not.

Ms. WOODS. I am told by General Jones' staff, who is still here, that we do have that kind of data, so we would be glad to make that available.

Senator DOMENICI. Can we have that, Mr. Chairman?

Senator INOUYE. Without objection; yes.

Senator DOMENICI. If you could describe it in a way that would be meaningful versus their counterparts that were not in the military and are out there competing, I think that would be interesting—employment, unemployment, education aspirations achieved, family life, that kind of thing?

Ms. WOODS. Yes, sir.

[The information follows:]

The military offers job training, educational opportunities, and equitable compensation for individuals qualified to enlist. While many choose the military as a career, there are those who separate and take advantage of the benefits earned from military service. There has been extensive research into evaluating the success of Service members who have entered civilian life. Of interest is research conducted by Dr. Thomas Daymont and Dr. Paul Andrisani of Temple University that investigated the extent to which a job market advantage exists for veterans. Their research shows that veterans from all Services have an overall job market advantage following a tour of duty. As expected, the veterans experienced temporary employment problems upon leaving the military (similar to others making the transition from high school to civilian employment), but overtook their civilian counterparts' earnings in 1 to 4 years. Veterans also benefited irrespective of whether they served in combat, technical or some other type of military occupational specialty. That is, training in combat specialities appeared no less valuable to future civilian earnings than training in technical job specialties.

Additionally, the Army Research Institute (ARI) conducted a survey of employers to evaluate the extent to which employers value the skills acquired in the military, and how much they believe veterans possess those skills and traits as compared to other entry level workers. Results indicate while employers value the attributes that veterans possess (e.g., dependability, self-confidence, self-discipline), many do not realize that the potential pool of talent exists. Research currently underway addresses how veterans do in college, the extent to which they use their educational benefits and how being a veteran affects their post-college earnings. Also, research is planned to assess whether veterans view their military experience as a contribution to their success in civilian life. Results from both studies should be available in 1992.

Senator DOMENICI. That would be interesting. Thank you very much.

Thank you, Mr. Chairman.

Senator INOUYE. Madame Secretary, I will be submitting several questions of technical and statistical nature, but before we thank you and call upon our next witness, I wish to repeat what I said at the outset. I look upon the programs under your jurisdiction as being just as important as military training or weapons systems, because it leads to readiness. If your programs do not work, you will have men and women with the lowest morale, and men and women at low morale are not good fighting men and women.

Ms. WOODS. Thank you, Mr. Chairman.

Senator INOUYE. We are very supportive of your activities, and we wish you the very best, because without a good, effective program under your command, General Jones would have more problems.

Ms. WOODS. Thank you very much. We appreciate the support you have given us and look forward to continuing the work.

Senator INOUYE. Thank you, Ma'am.

WOMEN IN THE MILITARY

STATEMENT OF BECKY COSTANTINO, CHAIR, DEFENSE ADVISORY COMMITTEE ON WOMEN IN THE SERVICES [DACOWITS]

Senator INOUYE. Our next witness is Ms. Becky Costantino, the chairperson of the Defense Advisory Committee on Women in the Services [DACOWITS].

One of the most startling outcomes of having an all-volunteer military force has been the rapidly changing status of women in the military. Years ago most women held and expected to hold jobs in the military that were considered to be women's jobs, clerical or administrative or in the health care arena.

Gradually over the past 18 years, women's horizons have broadened until there are relatively few military specialties that are, by law or regulation, closed to women, and most of those are considered to be directly related to combat. Desert Shield/Desert Storm has blurred the distinction between combat and noncombatant specialties. While women may not have been carrying rifles or driving tanks in the front lines, they were put directly in harm's way as witnessed by the fact that the Gulf War produced female prisoners of war and, sadly, female casualties.

I believe it is an entirely true statement that without the dedicated women that serve in the military, we would have a less capable, less effective military establishment. Their contributions have been immeasurable.

So, Ms. Costantino, we look forward to having a report on DACOWITS's latest look at the status of women military personnel.

Ms. COSTANTINO. Thank you, I appreciate that, and I appreciate your kind words.

Mr. Chairman and committee members, I appreciate the opportunity to appear before you today and share with you information on the role of the Defense Advisory Committee on Women in the Services, better known by the acronym, DACOWITS, and on opportunities for women in the military. I have provided a statement for the record, which gives an overview of the committee's functions and a look at our current pertinent issues.

I am aware that you have had testimony in the past from the DACOWITS chair, and you are familiar with our group and its role, which is to advise the Secretary of Defense on matters relating to women in the military. As you know, the DACOWITS meets semiannually in full conference, and as a result of these conferences, we make recommendations and requests for information, and record continuing concerns to the services, service Secretaries, or to the Secretary of Defense.

COMBAT EXCLUSION

The most significant area addressed at our latest conference, which concluded April 24, was our recommendation to the Secretary of Defense regarding the repeal of combat exclusion. Some other specific areas of concern are Army women in field artillery, flight training, and assignment for women in the Air Force, women in the military academies, women in naval mobile construction battalions, and perceptions, attitudes, and behaviors affecting women in the services.

The DACOWITS believes these areas are all directly associated with the effects of the combat exclusion statutes and service-related policies. At this time I would like to specifically discuss the committee's recommendation to the Secretary of Defense on combat exclusion, if I may.

Our recommendation says, the DACOWITS recommends that the Secretary of Defense support the repeal of title X, U.S. Code, section 6015, dealing with the U.S. Navy, and 8549, which deals with the U.S. Air Force, the combat exclusion statutes. Rationale: the events in the Persian Gulf demonstrated that the entire theater of operation is part of the modern battlefield, where exposure to the risks of combat extended to all members of the Armed Forces. The DACOWITS believes that with the repeal of the combat exclusion statutes, flexibility is given to the services to fully utilize all qualified personnel. Ability rather than gender becomes a basis for assignment. Acceptance of servicewomen as full partners is enhanced, and opportunities are expanded for servicewomen to compete fairly for assignments and promotions.

Therefore, the DACOWITS supports efforts to ensure total force utilization in the U.S. military through the repeal of title X, U.S. Code, sections 6015 and 8549.

You will have noted our recommendation is for the Secretary of Defense to support the repeal of combat exclusion. We recognize that only Congress has the power to change these laws, and the Secretary of Defense must develop DoD policies only after consideration of current laws. However, as the laws now exist, the Secretary of Defense and the services' Secretaries' flexibility to best utilize all their resources is severely limited.

As you know, title X, U.S. Code, sections 6015 and 8549 only applies to the Air Force and the Navy. The Army, in the absence of any statutory combat exclusion restrictions, applies its own policy in determining the duties Army women perform. Repeal of the combat exclusion statutes would likewise permit the Department of Defense and the services to utilize all personnel resources according to any policy they would develop, with ability and qualification as the determining factors.

During Operation Desert Storm, the DoD, the military leadership, and the media consistently recognized the participation and contributions of the service men and women. Although this acknowledgement has not been done before, it quickly became comfortable, and was reflected in the acceptance of women in the Persian Gulf by the American people.

The statutes do not specifically prevent women from serving in combat zones. Instead, the existing statutes prevent women from being assigned duty to vessels or aircraft that are expected to engage in direct combat missions. These laws, presumably, are to protect women from death, injury, and capture. Operation Desert Storm has shown us the laws do not protect women. In fact, what they do is prevent the Air Force, Navy, and Marines from utilizing their available resources in the widest range possible, prevent the services from filling available positions based on ability, and prevent women from being seen as totally equal partners in the military by limiting opportunities for challenging jobs and experiences that enhance career advancement, particularly to the senior officer and enlisted grade.

ALL-VOLUNTEER FORCE

The percentages of servicewomen increased significantly in the 1970's, with the all-volunteer force. Much of the success of the all-volunteer force was attributed to the increased numbers of women who volunteered for military service. Some predicted an all-volunteer force would not be up to the challenges, and one reason was the heavy reliance on women. The superb performance of the U.S. Armed Forces, service men and women, leave little doubt as to the success of the all-volunteer force.

We saw daily during the war, that women were serving equally with men, without showers, living in the sand, sleeping with their protective masks, and they were captured, injured, and faced death. And it raised the question: was it any less dangerous to be on a transport ship carrying bombs and missiles than it would have been to be on an aircraft carrier? And yet the combat exclusion statutes continue to sanction servicewomens' categorization as less than equal partners in their country's defense.

In fact, a recent Navy study has identified the most insidious effect of the combat exclusion. I quote:

> In the view of all Navy members, the law profoundly influences both the acceptance and the quality of treatment accorded to women, since they are perceived to be distanced from the heart of the organization and its primary mission achieving unit.

Servicewomen go through the same training, make the same sacrifices, and sign the same contract as servicemen. They want an opportunity to fulfill their commitments and serve their country to the best of their abilities. They do not expect special treatment or for standards to be reduced to assure their success. They do not want exemptions and exceptions. They merely want a chance to compete equally, with the knowledge that if they are good enough, they will be allowed to utilize all their skills.

They know that equal opportunity means equal responsibility and they are willing to accept the responsibility and corresponding risks. Equal responsibility, equal opportunity, and equal commitment, recognizing always that readiness is the top priority.

The Department's military and civilian leadership have acknowledged they could not have achieved the level of success in Operation Desert Storm without the very significant role that women played in the forces deployed to the Middle East. They have further confirmed that servicewomen performed their duties every bit as competently as the men they served alongside.

Servicewomen say they simply did the job they were trained to do—work in the traditional and nontraditional fields of the military in defense of freedom. However, as a result of Operation Desert Storm, the media raised the public consciousness regarding the significant contributions servicewomen make to the military. The repeated praise by the leadership of our service men and women throughout the operation meant more to women than the country realizes.

Although seemingly insignificant, it marked the first time servicewomen's contributions were publicly acknowledged. DACOWITS is particularly pleased that the participation and contribution of America's servicewomen are now better known and appropriately acknowledged.

In closing, the DACOWITS has served the Nation well in its service to the Department of Defense and our country. We can look back on a number of achievements that we believe have made the military better through the increased utilization of servicewomen of the Armed Forces. It is my desire as the current chair to assist the Secretary of Defense in continuing this tradition.

The DACOWITS and the services have been instrumental in the fullest utilization of women in the services within the scope of current laws. Over the last 3 years, approximately 31,000 positions have been opened to women. Our cooperative efforts have broadened the career opportunities for many women, as well as enhanced the Armed Forces' preparedness and readiness. The DACOWITS will continue to pursue these goals with its dedicated members. We feel the time is appropriate, based on the successful conduct of Operation Desert Storm, to repeal the statutes and provide the Secretary of Defense the opportunity to put in place policies that will permit him to best utilize all resources.

Mr. Chairman, this concludes my statement, and I am ready to answer your questions.

[The statement follows:]

STATEMENT OF MS. BECKY COSTANTINO

Mister Chairman and committee members, I appreciate the opportunity to appear before you today and share with you information on the role of the Defense Advisory Committee on women opportunities for women in the military.

The Defense Advisory Committee on Women in the Services (better known by its acronym "DACOWITS" was established in 1951 by then Secretary of Defense George C. Marshall, to advise and assist the Secretary of Defense on policies and matters relating to women in the armed services. The committee is composed of non-Federal Government civilian women and men who are appointed for a term of 3 years. Members are selected by the Secretary of Defense with due regard to equitable distribution of fields of interest and geographical representation.

In carrying out its purposes, the committee interprets to the public the need for and the role of women as an integral part of the Armed Forces; encourages public acceptance of military service as a citizenship responsibility and as a career for qualified women; and provides a vital link between the Armed Forces and civilian communities.

In discharging its charter of advising the Secretary of Defense on women in the military matters, the committee concentrates on areas which identify institutional barriers that limit the full use of military women as well as areas which affect job opportunities, retention, housing, and pay and allowances. The committee structure of three subcommittees reflects the focus on military women; that of forces utilization, career opportunities, and the quality of life they experience.

The full committee meets formally in the spring and fall of each year, and the executive committee meets quarterly to review current issues. The executive committee annually visits overseas military installations; and individual members visit military installations throughout the United States on their own time and, generally, at their own expense in order to keep fully informed on current military activities and policies.

The DACOWITS currently has 2 recommendations, 12 requests for information, and 5 continuing concerns before the Secretary of Defense or the service Secretaries for consideration. Generally, an issue is identified during an installation visit which results in a service briefing initiated by a request for information. Ultimately, the issue culminates as a recommendation for change or a continuing concern, or the issue is deleted from the DACOWITS agenda.

Our most significant issue resulting from the recently completed 1991 spring conference is our recommendation that the Secretary of Defense support the repeal of title 10, U.S.C. 6015 (U.S. Navy) and 8549 (U.S. Air Force), the combat exclusion statutes. In addition, the DACOWITS recommended that field artillery remain open to Army women and that opportunities be expanded by reopening Lance firing batteries and opening multiple launch rocket systems at the corps level. Additionally we have a concern that the Secretary of Defense open naval mobile construction battalions (NMCB) to women.

The committee also has a series of requests for information concerning forces utilization, career opportunities, and quality of life issues. The forces utilization issues focus upon the progress and implementation of the force restructuring plans with special emphasis on any impact the restructuring may have on servicewomen, as well as the Department's compilation of data on the participation of women who served in Operations Desert Shield and Desert Storm.

Requests for information concerning career progression target programs that may impede the job opportunities of women. We are currently looking at the effects of the elimination of Air Force career trainers in undergraduate pilot training. In addition, the DACOWITS is extremely interested in the assimilation, acceptance, utilization, and treatment of female cadets and servicewomen at their respective service academies.

Our continuing concerns reflect issues the DACOWITS members regularly hear as problems but are difficult to change for one reason or another. We continue to hear that negative perceptions, attitudes, and behavior toward military women adversely affect their performance and morale. We, likewise, are very concerned that the Air Force limits training for women in high performance aircraft.

The Department's military and civilian leadership have acknowledged they could not have achieved the level of success in Operation Desert Storm without the very significant role that women played in the forces deployed to the Middle East. They have further confirmed that servicewomen performed their duties every bit as competently as the men they served alongside. Servicewomen say they simply did the job they were training to do: work in the traditional and nontraditional fields of the military in defense of freedom. However, as a result of Operation Desert Storm, the media raised the public consciousness regarding the significant contributions servicewomen make to the military. The repeated praise by the leadership of our "service men and women" throughout the operation meant more to military women than the country realizes. Although seemingly insignificant, it marked the first time servicewomen's contributions were publicly acknowledged. DACOWITS is particularly pleased that the participation and contributions of America's servicewomen is now better known and appropriately acknowledged.

In closing, the DACOWITS has served the Nation well in its service to the department of defense and our country. We can look back on a number of achievements that we believe have made the military better through the increased utilization of servicewomen of the four armed services. It is my desire as the current chair to assist the Secretary of Defense in continuing this tradition. The DACOWITS and the services have been instrumental in the fullest utilization of women in the services within the scope of current laws. Over the last 3 years, approximately 31,000 positions have been opened to women. Our cooperative efforts have broadened the career opportunities for many women, as well as enhanced the Armed Forces' preparedness and readiness. The DACOWITS will continue to pursue these goals with its dedicated members.

Mister Chairman, this concludes my statement. I am prepared to respond to your questions.

PREFATORY REMARKS

Senator INOUYE. Thank you very much, Ms. Costantino. If my recollection is correct, DACOWITS was established about 40 years ago by General George Marshall, who was then Secretary of Defense, to advise the Secretary on matters relating to women.

Ms. COSTANTINO. That is correct.

Senator INOUYE. And you are appointed by the Secretary of Defense for a 3-year term. I made these prefatory remarks because I note in your testimony you have a disclaimer saying that you are not speaking as a representative of DOD.

Ms. COSTANTINO. No, sir.

Senator INOUYE. Did you have to submit this statement to the Secretary?

Ms. COSTANTINO. The statement that was presented to you earlier, the prepared statement, has been submitted. These remarks have not, because I only finished putting them together late last night.

Senator INOUYE. Do you have any idea as to whether they approve or disapprove your statement?

Ms. COSTANTINO. I believe that the Secretary knows where the DACOWITS stands on this issue, and I have kept him informed all along of our progress and where we are going, of my thoughts behind it. I believe that he is open-minded to the issue being discussed, but I am sure you all know that he has not made a statement one way or another as to his position.

Senator INOUYE. Now, you have men and women on DACOWITS. Was there any division in viewpoint on combat exclusion?

Ms. COSTANTINO. Yes; there was. The vote was 29 in favor and 4 opposed. But the division was not along the men-and-women line.

THE DRAFT

Senator INOUYE. Oh? If Congress and DOD should decide to remove the combat exclusion as you have recommended, there are a lot of issues that will arise. Some were mentioned by General Jones. For example, at the present time, we maintain a standby draft, so that large numbers of young men can be brought into the military quickly in the case of some emergency, and presumably, most of these young men could expect to serve in combat roles. Would you expect, under your exclusion, to have women register for the draft?

Ms. COSTANTINO. The draft is not an issue that the DACOWITS has taken an official position on. We have talked about it of course, informally, but it is not something that is active in our country right now, and it is not something that we foresee as a reality, certainly not in the very near future, if at all. I guess I would have to tell you as a DACOWITS member, I cannot make a statement on that, since we have not discussed it as a group.

Senator INOUYE. The Chief of Naval Personnel is quoted to have said that combat is a voluntary thing. Does DACOWITS believe in that also? Or do you believe that all women in the service would be liable to serve in combat?

Ms. COSTANTINO. Well, the combat exclusion statutes that we are talking about deal specifically with women in the Air Force and the Navy. The women in the Navy, for instance, are allowed to serve on other ships; they are just not allowed to serve on combat ships. The support ships can be in just as much danger as an aircraft carrier, if not more so. Women are also allowed to fly the refuelers and the transport planes, even though they are not allowed to fly fighters and bombers. So in light of that, I believe that they are at risk.

If the combat exclusion restrictions were eliminated, the women that were assigned to fighters and bombers would be making a conscious decision when they went through pilot training to take on that role and to accept the risks that go along with it.

We are not talking about women in the infantry, women in tank units. There are a lot of servicewomen who feel that they should be allowed an opportunity to serve wherever they are qualified to serve, if they can meet the physical standards and meet the challenges, that they should be allowed to participate in that.

COMBAT INFANTRY

Senator INOUYE. I am very sympathetic of your position. The subcommittee has taken a couple of trips out to the Desert Storm area, and there we saw women handling high explosives in very dangerous areas, flying helicopters in what I would consider as danger zones. So I have seen this happen. Do you believe the time will come, as you have indicated, that they will open up the combat infantry to women?

Ms. COSTANTINO. Yes; I do believe that will happen. I do not believe it will happen in the very near future. But I think it will happen. I think women are proving that they are willing to make the same sacrifices. When they join an all-volunteer force, they do so for the same reasons that men join, whether it is for the adventure or the educational opportunities or a chance at a career, or whether it is just to serve their country. I think that there will be a lot of reevaluation of all members who join the military force, whether men or women, whether they join the active duty or the Reserves, the National Guard, as a result of Desert Storm

I think that women are showing that they are ready for the full challenge. They would like to have an opportunity to go as far as they can go with it.

Senator INOUYE. In one of my visits with the Navy—and I had visits with the enlisted personnel then—they were saying that in certain areas the pregnancy rate among women members are exceedingly high. Are you concerned about that?

Ms. COSTANTINO. No, sir; I am not. I have heard some of those reports as well. I think they have been blown out of proportion by the media. We have checked with DOD, and to the best of what they have been able to tell us so far, they do not have any indications or data to back up the fact that pregnancy rates were inordinately high. In fact, it was nothing unusual, probably lower than normal. There may have been some instances, but out of 35,000 women that were assigned to the Persian Gulf war, I think the numbers were very minute and not significant.

SEXUAL HARASSMENT

Senator INOUYE. We have been quite concerned with news that we get from the service academies. The report on sexual harassment, and this is where we are developing the officers of the future, the generals and the admirals. Is DACOWITS looking into that?

Ms. COSTANTINO. Yes; we are. That is one of our current requests for information, that the service academies take an internal look, based exactly on those findings that you found. We found that as well, when we make base visits, that there is still some negative perceptions and attitudes toward female cadets and female midshipmen. We found that, interestingly enough, much of those attitudes and perceptions are based on combat exclusion law, because women are not seen as equal partners, as taking an equal risk.

Senator INOUYE. I suppose I would be considered one of the old fogies of the Senate, having served in the infantry in the ancient war, but if I were to serve as a platoon leader today, I must confess I would still have my qualms about having some women sharing a foxhole with me. But as to your recommendations, I am very supportive.

Ms. COSTANTINO. Thank you. I think you would find, Senator, if you were a platoon leader, that those women have been trained just as well as you have, that they are professionals, and they are there to do a job.

Senator INOUYE. I am certain they will. I thank you very much, Ms. Costantino.

Ms. COSTANTINO. Thank you.

Senator INOUYE. The contributions you are making, I think, are most important to the Defense Department. It is one of those areas that has not been given proper recognition, but I can assure you that members of this committee are well aware of your work, and we wish you the best.

Ms. COSTANTINO. Thank you very much.

ADDITIONAL COMMITTEE QUESTIONS

[CLERK'S NOTE.—Additional questions submitted by subcommittee members, together with the Department's responses, will appear in the appendix portion of the hearings.]

SUBCOMMITTEE RECESS

Senator INOUYE. The subcommittee will now stand in recess until 9 a.m., Thursday, May 16, and at that time we will hear from Dr. Jack Lanier, Principal Deputy Assistant Secretary of Defense for Health Affairs on the Uniform Services University of the Health Sciences, and from a number of nondepartmental witnesses.

Thank you very much.

[Whereupon, at 4:10 p.m., Tuesday, May 14, the subcommittee was recessed, to reconvene at 9 a.m., Thursday, May 16.]

DEPARTMENT OF DEFENSE APPROPRIATIONS FOR FISCAL YEAR 1992

THURSDAY, MAY 16, 1991

U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, DC.

The subcommittee met at 9:07 a.m., in room SD–192, Dirksen Senate Office Building, Hon. Daniel K. Inouye (chairman) presiding.

Present: Senators Inouye, Stevens, D'Amato, and Specter.

DEPARTMENT OF DEFENSE

UNIFORMED SERVICES UNIVERSITY OF HEALTH SCIENCES

STATEMENT OF JACK LANIER, PH.D., PRINCIPAL DEPUTY ASSISTANT SECRETARY OF DEFENSE FOR HEALTH AFFAIRS

OPENING STATEMENT OF SENATOR INOUYE

Senator INOUYE. I apologize for the slight delay. We have a visitor in our midst and traffic is being held up as a result.

This morning most of our hearing will be devoted to nondepartmental witnesses. However, before we begin with them, we have invited Dr. Jack Lanier, the Principal Deputy Assistant Secretary of Defense for Health Affairs, to discuss the role of the Uniformed Services University of the Health Sciences.

This subcommittee feels strongly that the University should have a continuing role in training military doctors, especially at a time when recruiting and retaining physicians is growing more and more difficult.

Dr. Lanier, welcome, sir.

Senator D'AMATO. Mr. Chairman.

Senator INOUYE. Yes, sir.

Senator D'AMATO. If I might, might I be able to enter a statement in the record as if read?

Senator INOUYE. Without objection, so ordered.

Senator D'AMATO. Thank you.

[The statement follows:]

STATEMENT OF SENATOR D'AMATO

Thank you, Mr. Chairman, I do have a question for Rear Admiral Smith representing the Naval Reserve: What is the status of Naval Reserve P–3B's?

The Navy has been threatening to retire these aircraft for some years, while some in Congress are working diligently to modernize these aircraft. The turbulence caused by the termination of the P–7 and the rapid reduction of the overall size of the military have left in doubt just what the proper course of action should be.

Is modernization of P–3B's appropriate? If so, what are your priorities?

Thank you, Mr. Chairman.

Senator INOUYE. Sir, we have received your full statement. It has been made part of the record. You may proceed as you wish, sir.

SUMMARY STATEMENT

Dr. LANIER. Thank you. Mr. Chairman, members of the subcommittee, I appreciate your invitation to testify today on the Uniformed Services University of the Health Sciences.

The University was established by the Uniformed Services Health Professions Revitalization Act of 1972, the same act that established the Armed Forces Health Professions Scholarship Program. I come here today ready to respond to your questions on how we have already begun to address all of the identified deficiencies at the University. I am also prepared to reinforce the importance of the unique contributions the University has made to military medicine.

As a result of some of the management deficiencies identified and in response to directions from last year's conference committee, the University was placed under the direct control of the Assistant Secretary of Defense for Health Affairs. Dr. Mendez has delegated to me as his Principal Deputy the responsibility for overseeing the day-to-day operation of the University.

The search for a new president of the University will soon come to fruition. The results of the presidential search committee's deliberations are now being evaluated by Secretary Cheney. The search for a new dean has already begun as well.

The reason we are devoted to attaining fiscal and managerial order at the University is that the school continues to provide unique and valued contributions to military medicine. USUHS aims at recruiting, training, and developing a cadre of career-oriented medical officers. The University also contributes to the enhancement of the prestige and dignity of a career in military medicine. This is important in inspiring medical officers of all accession sources to increase their commitment to a career of public service.

Since its first class entered in 1976, the University has prepared each of its 1,354 medical officer graduates to be immediately deployable upon completion of their internship year. The Nation has called, and will continue to call, upon USUHS' graduates for service in all areas of the globe.

Are these, USUHS graduates, well prepared for the service? Perhaps the most reliable sources of verification come from examining our USUHS graduates. At the onset of Desert Storm, USUHS graduates filled 9 of 14 medical officer positions in the Army Special Operations Forces. Our graduates were ready to deploy directly from peacetime assignments to combat medical support operations, as reflected in the following excerpts.

From a September 20, 1990, letter, Maj. Charles Bedling, the class of 1984:

> I am here and can compare preparation and performance of military physicians from various backgrounds. Our graduates know what needs to be done and how to do it. If our soldiers, sailors, and airmen are to be expected to go to war, they de-

> serve the best-trained medical support our country can provide. USUHS does that and does it very well. Many thanks to the faculty and staff that made it possible.

Also, from a letter signed by seven of our graduates, dated October 1, 1990, from Saudi Arabia:

> The work here started immediately upon our arrival. This is a bare base operation, with all its preventive medicine implications. I wish I would have paid more attention on the Southwest Asia training exercise that the Department of Preventive Medicine put us through. We are seeing and living it all: preplanning, medical intelligence, water to test, food to inspect, desert climate to contend with, stray animals, medevac, details to work out, trauma. And believe it or not, there are even camels to contend with. I remember vividly the dead camel carcass problem in the USUHS exercise. I have got pictures from here that are unbelievable.

From the same October 1990 letter:

> The USUHS grad is prepared for operational medicine. The fraternity and the desire to help one another has made the difference and just is not found as strongly among other providers. When you get a group of USUHS grads out in the field during a contingency, you will be surprised at how much they can do with nothing. And lessons we learned in USUHS were learned very well.

Mr. Chairman, these spontaneous evaluations of the University's curriculum validate the University's execution of its mission. Our graduates are living evidence of the wisdom of Congress when it legislated the University.

The University is entering a new phase in its existence. As I mentioned, there is currently an ongoing selection process for the University's third president and second dean. The academic departments are maturing. The challenge at the onset of this new phase is to articulate a vision of the University's future and a plan to achieve that vision.

In the short term, we must focus on resolving management issues which are of great concern to all of us. In the longer term, the University should continue to develop as a major national medical resource. The University produces military and public service physicians who can be depended upon to serve the country with honor and sound expertise, as demonstrated in Desert Storm.

With the guidance of Dr. Mendez and myself, USUHS will continue to accept the challenge of the Nation. We look forward to the future and to following the guidance of the Congress in improving medical readiness and medical service.

Mr. Chairman, Saturday at 11 a.m., 150 University graduates will receive their M.D. degree in ceremonies that will be held at the Kennedy Center. Senator Inouye, I invite you to attend this special event. We would be delighted to have you there.

Thank you, and I would be happy to answer any questions that you might have.

Senator INOUYE. Thank you very much, Doctor.

How many graduates are now active?

RETENTION OF USUHS GRADUATES

Dr. LANIER. Currently, we have 1,354 graduates from the University and all but about 2 percent are still on active duty. So roughly about 98 percent.

Senator INOUYE. Under the law they are required to serve 7 years on active duty after completion of studies and after that 6 years in the Reserves?

Dr. LANIER. Three years in the Reserves.

Senator INOUYE. Three years in the Reserves?

Dr. LANIER. Three years in the Reserves; yes, but I will clarify for the record.

[The information follows:]

Quoting from Title 10, U.S.C., Chapter 104, Section 2114, the USUHS obligation is as follows:

(b) Students shall be commissioned officers of a uniformed service as determined under regulations prescribed by the Secretary of Defense after consulting with the Secretary of Health and Human Services. Notwithstanding any other provision of law, they shall serve on active duty in pay grade 0–1 with full pay and allowances of that grade. Upon graduation they shall be appointed in a regular component, if qualified, unless they are covered by section 2115 of this title. Students who graduate shall be required, except as provided in section 2115 of this title, to serve thereafter on active duty under such regulations as the Secretary of Defense or the Secretary of Health and Human Services, as appropriate, may prescribe for not less than seven years, unless sooner released. Upon completion of, or release from, the active service obligation, a member of the program who served on active duty for less than 10 years shall serve in the Ready Reserve for the period specified in the following table:

[In years]

Period of service on active duty	*Ready Reserve obligation*
Less than 8 years	6
8 years or more, but less than 9	4
9 years or more, but less than 10	2

The service credit exclusions specified in section 2126 of this title shall apply to students covered by this section.

(c) A period of time spent in military intern or residency training shall not be creditable in satisfying a commissioned service obligation imposed by this section.

(d) A member of the program who, under regulations prescribed by the Secretary of Defense, is dropped from the program for deficiency in conduct or studies, or for other reasons, may be required to perform active duty in an appropriate military capacity in accordance with the active duty obligation imposed by this section. In no case shall any such member be required to serve on active duty for any period in excess of a period equal to the period he participated in the program, except that in no case may any such member be required to serve on active duty less than one year.

Senator INOUYE. The first graduating class will now be completing its payback time in 1990 and 1991. Any indication as to retention?

Dr. LANIER. Sir, as I indicated, we know that of the 1,354 graduates, we still have on active duty about 98 percent of those graduates. And we are looking currently at the overall retention, but those are the best numbers that we have at this time.

MILITARILY UNIQUE TRAINING

Senator INOUYE. You have indicated that USUHS is the only medical school that can provide training in certain specialties, such as high-velocity missile injuries, tropical medicine, et cetera; is that correct?

Dr. LANIER. Yes, sir; it is. The University graduates, Uniformed Services University of the Health Sciences graduates, get the equivalent of 32 additional weeks of training, unlike the other 125 medical schools in the country, which enables them to provide the kind of medical care that is unique in our Nation.

Senator INOUYE. In other words, if we wiped out the school there will be no place where our physicians can get this type of training?

Dr. LANIER. That is correct; the Department has no mandate or ability to require the 125 other medical schools to have this kind of training in their curriculum. So it is unique and we are the only place that that training is provided.

CIVILIAN PERSONNEL PROBLEMS

Senator INOUYE. We have been told that you were having some problems with civilian personnel. Have you cleared this up?

Dr. LANIER. Sir, one of the changes that was made last fall when the University was placed under Dr. Mendez, the ASD for Health Affairs, was to look critically at all the managerial and administrative problems at the University that were identified by the DOD inspector general. The Washington Headquarters Services was given the responsibility for looking at the personnel function. It has, in fact, taken over that personnel function and will continue to manage that until we are satisfied that it is on a sound footing.

OTHER HEALTH PROFESSIONS TRAINING

Senator INOUYE. You indicated in your statement that USUHS trains 50 health professionals other than physicians. What are they, psychologists?

Dr. LANIER. Psychology, anatomy, biochemistry—medical sciences.

Senator INOUYE. Do they all enter the military?

Dr. LANIER. No, sir; they do not all enter the military. Some are support staff to the teaching faculty at the military and they do not enter the military. The military graduates are assigned at the discretion of their parent services.

Senator INOUYE. If I read the report correctly, 50 percent enter the military and 10 percent serve in the Public Health Service.

Dr. LANIER. Yes, sir.

Senator INOUYE. The remainder go on the faculty?

Dr. LANIER. They then go into faculty support positions, yes, sir, at USUHS and other universities.

Senator INOUYE. I have several questions I believe will require some careful consideration and response. May I submit them to you, sir?

Dr. LANIER. I would be happy to provide the answers.

Senator INOUYE. If you would present us with your responses, we would appreciate it very much.

Dr. LANIER. I would be happy to, Senator.

Senator INOUYE. I can assure you that I for one will do everything I can to support its retention. But as you know, we have others who do not quite agree with this. We will have to do some work on the other side.

Dr. LANIER. Yes, sir.

Senator INOUYE. Thank you very much.

Dr. LANIER. Thank you, Senator Inouye. We appreciate the opportunity to appear before the committee.

[The statement follows:]

STATEMENT OF JACK O. LANIER

INTRODUCTION

Mr. Chairman, members of the Subcommittee, I appreciate your invitation to testify today on the medical personnel recruitment programs of the Department of Defense and in particular—the Uniformed Services University of the Health Sciences. The two primary tools that we have available to us to recruit, train, and retain health professionals are the Uniformed Services University of the Health Sciences (USUHS) and the Armed Forces Health Professions Scholarship Program (AFHPSP). These two programs were established by the Uniformed Services Health Professions Revitalization Act of 1972—and they have done just that—revitalized the Department's ability to recruit and retain high quality health professionals in the uniformed services. These programs produce the large majority of active duty physician accessions and are the primary source of military graduate medical education training.

In fiscal year 1990, the combined accessions from USUHS and AFHPSP supplied 74 percent of all active duty physicians accessed during that year. Most other physician accessions (the remaining 26 percent) are volunteers for active duty obtained through the military Services' direct accession programs.

It is important to note that the USHUS and the Armed Forces Health Professions Scholarship Program (AFHPSP) were designed as complementary tools to recruit and retain well-trained health professionals. USUHS and HPSP serve different but essential functions.

As you will recall, in 1972, the Congress by on overwhelming vote passed the Uniformed Services Health Professionals Revitalization Act. The legislation authorized the establishment of a Uniformed Services University of the Health Sciences within 25 miles of the District of Columbia with highest priority being given to the development of a medical school and mandated that a minimum class of 100 medical students be graduated from the institution by 1982. Also, the Act provided for an Armed Forces Health Professions Scholarship Program.

This particular piece of legislation was designed to help alleviate, on two broad fronts, the physician procurement and retention problem:

On the one front, to attack the problem on a short-term basis by establishing a comprehensive scholarship program for training professionals in the health fields for careers in the Armed Forces; and, on the other front, to cope with the long-term problems of procurement and retention of health professionals by establishing a health science university which would include the development of a medical school for the production of career-oriented physicians as well as contributing to the enhancement of the prestige and dignity of a professional medical career in the military.

USUHS

An inspection by the DOD Inspector General of the administration and management of the Uniformed Services University of the Health Sciences completed in the Spring of 1990 revealed what can only be described as a host of unacceptable personnel and managerial practices.

I come here today to describe to you how we have already begun to address all of the identified deficiencies at USUHS. I also will reinforce the importance of the unique contributions of the University to Military Medicine.

MANAGEMENT IMPROVEMENTS AT USUHS

Immediately following action on the FY 1991 Defense Appropriations Act, the Department moved quickly to respond to congressionally recommended changes to USUHS management.

We continue to believe that the management problems at the school should be solved by means other than legislation that would adversely affect the Department's ability to perform its medical mission, and/or fail to capitalize on the taxpayers' substantial investment in the school.

The Department has responded to congressional direction by placing the University under the direct control of the Assistant Secretary of Defense for Health Affairs. Dr. Mendez is a former medical school dean and a former Deputy Surgeon General of the Army. He is well qualified for overseeing the changes necessary to strengthen the management of the school. I am a former professor and program director of the U.S. Army Baylor University Graduate Program in Health Care Administration. Together, we are on a course designed to correct the management deficiencies that have been identified at the University.

IMPROVEMENTS AT USUHS

What specific actions have been taken to date to improve the operation of USUHS?

On October 17, 1990, Defense Secretary Cheney accepted the resignation of Dr. Jay P. Sanford, who had been President and Dean of USUHS.

Consistent with your direction in the fiscal year 91 Act and its accompanying report, the USUHS Board of Regents became an advisory body to the Secretary of Defense. The President of the University began reporting to the Assistant Secretary of Defense for Health Affairs. Dr. Mendez delegated to me, as his Principal Deputy, the responsibility for overseeing the day to day operation of the University. A great deal more has changed at USUHS in the relatively short time since November 1990, and the improvements continue. I am happy to report that the changes, some of which were brought about by this Committee, are viewed by DOD Health Affairs, other officials at the Pentagon and the University as positive improvements.

Today, the University is under new leadership that is highly responsive to the direction of the DOD and the Congress. An aggressive nationwide search for a new President of USUHS will soon come to fruition. Meanwhile, the Deputy Dean is responsible, under my oversight, for the day to day operations of the University. A number of major managerial and administrative changes at USUHS have already been made. These changes fall into roughly two categories—those in response to Congress, and those in response to specific deficiencies identified by the DOD IG in its inspection.

ACTIONS IN RESPONSE TO CONGRESSIONAL MANDATE

First, the actions taken in response to Congress:

—The Public Affairs office at USUHS has been eliminated. The Public Affairs function has been transferred to the Office of Assistant Secretary of Defense for Public Affairs at the Pentagon.

—Funding for the Military Medical Education Institute was transferred back to the Army.

—The Board of Regents has become an advisory body to the Secretary of Defense and, by his delegation, to the Assistant Secretary of Defense for Health Affairs.

—USUHS now responds formally through the Office of the Assistant Secretary of Defense for Health Affairs to the Secretary of Defense.

ACTIONS IN RESPONSE TO DOD IG REPORT

I will turn now to actions that have been taken in response to recommendations in last year's DOD IG inspection of the University. As you will recall, this report pointed out a number of unacceptable personnel and managerial practices at USUHS.

Our plan to correct these deficiencies openly acknowledges the identified deficiencies and proposes concrete actions to correct them. This plan documents follow-up procedures to insure that proposed actions are indeed taken and sets forth strict requirements to document any new problems that are uncovered.

The IG inspection revealed a series of personnel practices at the University that needed attention. As a result, management responsibility for USUHS civilian personnel has been temporarily transferred to the Washington Headquarters Services (WHS)—an arm of the Secretary of Defense. WHS has undertaken extensive review of personnel systems and practices. When reconstruction and reorganization are sufficiently completed, WHS will transfer the full management of civilian personnel back to USUHS.

The DOD IG also revealed the lack of an adequate EEO program at the University. To remedy this, USUHS has provided $300 thousand within existing resources to establish an Equal Employment Opportunity program.

There have, of course, been a number of other changes in management and leadership at USUHS. As I mentioned earlier, the Secretary of Defense accepted the resignation of the former President of the University. The Secretary of Defense has retained the responsibility for appointing a new USUHS President. A search process is now underway and will result in recommended candidates being presented to the Secretary this spring.

New policy has been developed that specifies the mechanisms by which USUHS may enter into agreements with the Henry M. Jackson Foundation for the Advancement of Military Medicine. The administration of the University and the administration of the Jackson Foundation have been totally separated and this separation will continue.

Perhaps the most important change at USUHS since the committee's hearings a year ago is the emergence at USUHS of a corporate culture open to both external and internal examination, responsive to DOD guidance, and willingly and cooperatively working as part of the DOD team.

CONTRIBUTIONS OF USUHS

Why devote this time and energy to improving what the DOD IG and the Congress agreed was an organization with administrative and managerial problems? The answer to this question, and the reason we are devoting the extensive time and oversight needed to attaining fiscal and managerial order at USUHS is that this University continues to provide unique, invaluable contributions to military medicine.

In addition to its contributions in sheer numbers of military physician accessions, it is the only medical school in the nation which provides training in the management of high velocity missile injuries, tropical medicine, recognition of combat stress, prevention and treatment of heat and cold injuries, chemical warfare agents and laser injury. In addition to the upwards of 150 doctors it graduates each year, it trains 50 health professionals, including psychologists, biochemists and public health specialists. About half of these graduates also enter the military and about 10 percent serve in the U.S. Public Health Service, where they practice in such underserved areas as Indian reservations.

DESERT STORM

The Desert Storm deployment underscored the value of having a military medical university. As military hospital staff in the National Capital Region were deployed in connection with Operations Desert Shield and Desert Storm, USUHS faculty, both military and civilian, provided needed support at local military medical centers to assure continuity of patient treatment and military medical education.

As demands for mobilization training of reservists increased, USUHS moved to respond to this demand by providing a wide variety of continuing medical education training experiences in support of the deployment.

Simultaneously, USUHS research programs involving chemical and biological warfare assumed a new importance. In fact, the existence at USUHS of a faculty knowledgeable in subjects uniquely important for military medicine took on new significance in the context of operations Desert Shield and Desert Storm. USUHS faculty experts in tropical medicine, sanitation, heat and cold injury, medicine, radiation medicine, laser injury, management of combat and disaster stress, medical planning, and management of military medical triage and aero-medical evacuation systems were called upon time and again. Military leaders relied on their unique expertise to help to craft our military strategy and ensure our preparedness in the unique combat environment of the Arabian Peninsula.

Additionally, over 8 percent of the physicians deployed to the Persian Gulf were USUHS graduates with their uniquely military medical training.

UNIQUE CURRICULA

All of these programs contribute toward USUHS's ability to produce graduates with distinctly military orientations to medicine. Included in each graduate's training is four to six weeks of new officer training within the individual's Service.

Every graduate's curricula include service indoctrination, concepts of and skill acquisition in military leadership, standards of conduct, officer responsibilities, and administrative skills. In addition, courses in military medicine, combat medical skills, military applied physiology, military medical field studies, combat casualty care, combat operations, weapons effects and case studies in operational medicine are an intrinsic ingredient in the USUHS graduate's curriculum.

The USUHS curriculum is designed to deliberately shape and foster a commitment to military medical care and to facilitate the health professional's assumption of a military medical leadership role. The USUHS graduate is prepared to perform competently under the stringent demanding circumstances created by civil disasters or by war.

AFHPSP

Just as USUHS is unique in the quality and military orientation of its graduates, the Armed Forces Health Professions Scholarship Program (AFHPSP) is unique in the sheer magnitude of graduates that it continually provides to the military medical care system. The health scholarship is the principal accession source for active duty physicians. During fiscal year 1990, 1,169 scholarship recipients entered active duty as physicians, accounting for about 66 percent of all new physician accessions.

Several nonphysician health care professions also participate in the scholarship program based on the Services' recruitment and staffing in selected professions. In addition to medicine, the health care professions currently approved for participation include: nurse anesthesia (26 scholarships for FY 1991) and optometry for all Services (92 scholarships for FY 1991); dentistry for the Army and the Navy (81 scholarships for FY 1991); and clinical psychology for the Army and the Air Force (6 scholarships for FY 1991).

Armed Forces Health Professionals scholarships pay for all educational expenses including tuition, fees, books, laboratory expenses, and educational services. Participants are appointed as Reserve commissioned officers in grade 0–1, and receive a stipend of $732 per month except during the required annual 45-day active duty period when they receive the pay and allowances of grade 0–1.

FINANCIAL ASSISTANCE PROGRAM

The Defense Authorization Act for fiscal years 1990 and 1991 substantially modified the Health Professions Scholarship Program by creating a new Financial Assistance Program. This program authorizes grants and stipends for health professionals in advanced specialty training, such as residencies and fellowships, in return for military service. FAP participants are appointed as commissioned Reserve officers commensurate with their training and experience (typically at the 0–3 or 0–4 level), and receive an annual grant of $15,540, together with a monthly stipend of $732 (except during the required annual 14-day active duty period when they receive full pay and allowances of their commissioned grade).

The Department has experienced mixed effects from the FAP during the new program's first year of implementation. The Air Force obtained excellent early results, enrolling 83 physicians during the portion of fiscal year 1990 remaining after the FAP's enactment in late November 1989 and its implementation by the Department the following month.

Implementation of the FAP required a major redirection and augmentation of recruiting and marketing approaches. Highlights of the varied marketing strategies and activities employed by the Services to publicize the FAP include:

—Conducting direct mail campaigns to over 125 medical school deans, secretaries of national physician specialty boards, residency program directors, and physicians undergoing residency training.

—Increasing advertising budgets and numbers of recruiters.

—Targeting radio and TV advertising, as well as advertising in specialty journals and other printed media.

—Conducting FAP-oriented training for recruiters.

—Involving military physicians in recruiting team visits to hospitals to brief specialty training directors.

During the FAP's initial implementation phase, the Air Force enjoyed a special advantage, compared to the other Services, because it had a unique, longstanding recruitment program targeted to the same physician resident population as the FAP. Therefore, necessary recruitment contact and marketing networks were largely in place, and recruiters were already experienced in effective techniques targeted to this population.

This was not the case with the Army and the Navy. They were required to accomplish the full range of tasks and arrangements common to the introduction of any new accession program. Despite the use of FAP marketing initiatives, they obtained few FAP enrollees during the short period between the program's initial implementation and the onset of the Persian Gulf crisis. Given the normal implementation and start-up factors associated with new accession programs, the Department views the Air Force's accomplishments as the best indicator of the FAP's potential. We will continue to monitor and assess this program to determine whether policy or legislative modifications may be needed to improve its effectiveness.

PROGRAM MANAGEMENT, SIZING AND FUNDING

Each Military Department manages its own scholarship and financial assistance programs (AFHPSP/FAP). The Services budget for and fund their individual programs, recruit and commission participants, and award scholarships by competitive selection.

My office has program oversight responsibilities for the AFHPSP/FAP. These include designating the health professions authorized to participate and approving the numbers of program participants for each Service, based on their requests and supporting justification. Health Affairs uses computer-assisted projections of physician force inventories to analyze program requirements, which incorporate the complex variables associated with the multiple accession and training programs and long accession lead times related to the physician force.

The Department's scholarship and financial assistance programs for fiscal year 1991 are sized at an overall level of 4,290 participants for all three Services. The statutory ceiling for the program is 6,000 participants. Included in this total program allocation are 4,085 allocations for training in medicine and 205 for training in the nonphysician healthcare professions noted earlier.

The Department's budget request for fiscal year 1992 reflects a total of $114.4 million for AFHPSP/FAP. This total includes requirements for $62.4 million in the Operations and Maintenance Appropriation, representing tuition and other educational expenses, and $52.0 million in the Reserve Personnel Appropriation, which is needed for stipend and grant payments and pay and allowances associated with annual active duty training. The funding that has been requested represents the most efficient use of these programs to attain future authorized manning levels.

CONCLUSION

Mr. Chairman, I have tried to illustrate to you and members of the committee just how our primary health professions accession programs are meeting our medical personnel recruitment targets. Your committee's interest and support can help us continue to improve our medical personnel recruitment programs. The value of these health professions accessions programs cannot be disputed. The Uniformed Services University of the Health Sciences provides us with a unique, well-trained physician, fully attuned and committed to the demands of a military medical career. The Health Professions Scholarship Program supplies physician accessions in numbers unattainable from volunteer accessions.

Our health professions education programs must be preserved and their attractiveness to new recruits retained in order for the military medical system to maintain an adequate number of military physicians in the active and reserve components.

This concludes my opening remarks and I would be happy to answer any questions.

NONDEPARTMENTAL WITNESSES

STATEMENT OF MIKE DUGGAN, ASSISTANT DIRECTOR FOR NATIONAL SECURITY-FOREIGN RELATIONS, THE AMERICAN LEGION

HEARING PROCEDURES

Senator INOUYE. Now we come to public witnesses. I know that all of you present here this morning have spent much time, much thought, and effort in your statements. But as you know, because of the constraints of time, I will have to ask you to summarize them.

Added to this we have the problem of security on Capitol Hill at this time. I do not want you people to be all bogged down and finding yourselves stuck in the Capitol. But whatever it is, I can assure all of you that your prepared statements will be made part of the record, and I can assure you personally that there will be at least one Member of the Senate who will read the statements very carefully.

So we will now welcome the first of our nondepartmental witnesses, the assistant director of national security-foreign relations of The American Legion, Mr. Mike Duggan.

Mr. DUGGAN. Good morning, Mr. Chairman.

Senator INOUYE. Mr. Duggan, welcome, sir.

Mr. DUGGAN. Thank you, sir. I am glad to be here. We are grateful for the opportunity to appear before your subcommittee on behalf of the more than 3 million members of The American Legion, the Nation's largest and, I might add, fastest growing veterans organization of this country.

FIVE MAJOR AREAS OF CONCERN

Since we have submitted our written statement for the record, I will very briefly cover five major areas we wish to emphasize at this hearing. These five areas include: maintaining military manpower, preserving the defense industrial base, modernization of the Armed Forces, the CHAMPUS Program, and maintaining the strength of the National Guard and Reserves.

In regard to maintaining military manpower, the U.S. victory in the Persian Gulf war was achieved by one of the finest all-volunteer forces ever assembled in this country. The American Legion is convinced and concerned, however, that reductions of the active duty and Reserve active duty manpower of the magnitude called for in the fiscal year 1992–93 defense budget request could severely hamper America's ability to rapidly respond to future crises with the same effectiveness displayed in the Persian Gulf, particularly with regard to timeliness, force structure, and firepower.

Second, we urge the Congress to preserve as much as possible our defense industrial base for proven and new technologies, by continuing to fund research, development, and procurement budgets so as to retain our technological edge into the 21st century. Only by doing so can we hope to sustain military deterrence, have our industrial base surge whenever military production is required, and, hopefully, to assure victory again whenever U.S. military power is committed in the future.

Closely tied to this, we believe that modernization efforts within the Armed Forces must be a continuing process. We have believed for some years that the United States should proceed resolutely toward the development of the Strategic Defense Initiative [SDI]. There are a number of systems we would like to see continued, modified, retrofitted, and so forth, and those are contained in our statement.

But the Persian Gulf highlighted a number of items and the need, for example, to accelerate the production of our airlift assets, such as the C–17 aircraft, as well as sealift assets, and then our long-neglected merchant marine should be rebuilt to second to none in the world.

CHAMPUS PROGRAM

With regard to the CHAMPUS Program, we urge continued congressional action to address the medical needs of our military families and our military retirees. The CHAMPUS Program, as you know, has been long and chronically underfunded for years and has grown, their budget has grown, at a rate of about 10 percent per year and still has not managed to keep place.

We believe it will require farsighted expansion as larger numbers of men and women leave the services. We would also support legislation that calls for the continuation of CHAMPUS coverage for all military retirees and their dependents, and that as a minimum that CHAMPUS entitlements be used as a supplemental coverage to Medicare for those military retirees who are, in fact, Medicare eligible.

With regard to the Reserve components, Mr. Chairman, the administration has proposed that the Reserve components, the National Guard and Reserves, be reduced by some 21 percent over the next 5 years. We feel strongly that, with leaner defense budgets and proposed reductions in active duty strength, there will, in fact, be increased reliance on the Reserve component citizen soldiers, whose combat, combat support, and their combat service support units and efforts were proven and we think just did a superb job in the Desert Storm/Desert Shield war.

Mr. Chairman, the United States has entered five major wars in this century. Yet only in the last one were we fully prepared from the onset. Let us not forget that four times in this century we have let our seasoned military forces be dismantled by the sirens of peace and, because we did, many in our military over the years had to pay the ultimate price.

Our success in the Persian Gulf war considerably enhanced America's image and credibility abroad, demonstrated our resolve, and regenerated an overwhelming pride, not only in our Armed Forces, but in ourselves as Americans. This decisive victory with minimal loss of lives was attributed to our civilian and military leadership, to the quality of our all-volunteer forces, to the readiness of the Armed Forces, and to an in-place and responsive industrial base.

Mr. Chairman, this concludes our brief remarks. We wish to thank you very much.

Senator INOUYE. Thank you very much.

FIVE-YEAR DRAWDOWN PLAN

As you are aware, the 5-year military drawdown plan has now been in operation for over a year, and during the time of its operation we found ourselves in the Persian Gulf conflict, resulting in a massive buildup again, which forces all of our services to draw down at almost impossible rates.

Am I correct to assume from your statement that the Legion would support an extension of this 5-year plan for, say, another year?

Mr. DUGGAN. Yes; I do not believe we would——

Senator INOUYE. To slow it down?

Mr. DUGGAN. To slow it down, basically, to be more moderate in the drawdown, basically to keep our powder dry. That is, we have the deep feeling that, despite improved relations between the United States and the Soviet Union over the last few years, the Soviet Union still retains a sizable and very, very real threat, we believe.

Also, within the last 1½ years we have seen deployments, not only in the Persian Gulf, of course, but to Panama, as well as the evacuation of American citizens from Liberia and Somalia. So Third World conflicts we believe are perhaps still with us, if the pattern continues.

Senator INOUYE. I am certain you are aware that I support your statement.

Mr. DUGGAN. Thank you, Mr. Chairman. It has been a pleasure.

Senator INOUYE. Thank you very much, sir.

[The statement follows:]

STATEMENT OF MIKE DUGGAN

Mr. Chairman, we are pleased to appear before this Subcommittee on behalf of the more than 3 million members of The American Legion, which is the nation's largest and fastest growing veterans' organization. Our view of the national security interests of the United States is based on first-hand experience, much of it in combat. For this reason we fervently hope that there will not be another war, but if there should be, that we be as strong as we were in the Persian Gulf War. Our strength must not be weakened by massive reductions in military manpower and cuts in our defense industrial base, which would only serve to imperil the defense of our nation and the protection of America's interests worldwide.

The United States' victory in the Persian Gulf War was achieved by one of the finest all-volunteer fighting forces ever assembled in this country and was attained with modernized technology programs developed over the last decade. Our superbly led forces were blessed with a responsive industrial base, which as you know, did not develop overnight. Our success in the Persian Gulf War considerably enhanced America's image and credibility abroad, demonstrated our resolve, and regenerated an overwhelming pride in our Armed Forces and in ourselves as Americans. Yet even before final victory was attained, the Administration in its FY 1992-93 Department of Defense Budget Request proposed to reduce Armed Forces' manpower 25 percent by FY 1995 to force levels equivalent to those of the latter 1940's. Department of Defense outlays as a share of America's Gross National Product are expected to fall to 3.6 percent by FY 1996, the lowest level since 1939.

While it is true that U.S. and Soviet relations have improved over the past two years, the Soviet Union -- despite severe internal political and economic problems -- continues to maintain a standing military force of nearly four million men under arms and continues to steadily modernize its strategic and tactical capabilities. The Soviet threat is still very real. Moreover, Third World instability may continue to require the intervention of our military forces. Witness the last year and a half where our military conducted major deployments in Panama and the Pesian Gulf as well as in the evacuation of U.S. citizens from Liberia and Somalia.

The Fiscal Year 1992-93 Department of Defense Budget Request proposes the elimination of 10 Army divisions (6 active), 11 Tactical Fighter Wings (9 active), 94 ships, and 87 strategic bombers. The resulting reduction in manpower of 521,000 personnel by

FY 1995 is roughly equivalent to the entire United States contingent which was deployed to and fought in the Persian Gulf War. Many of these Persian Gulf War volunteers including those who sought a career in the Armed Forces, are returning home as America's heroes only to be involuntarily separated from the Services.

The American Legion is convinced that reductions of this magnitude will severely restrict or even preclude America's ability to rapidly respond to future crises with the same degree of timeliness, force structure and firepower as it projected in the Persian Gulf.

The United States has entered five major wars this century. Only in the last one were we fully prepared to fight. This decisive victory, with its minimal loss of lives, will surely make the next tyrant think twice before choosing war over diplomacy. And it should remind us today that deterrence is meaningless without a strong military force. So let us not forget the four times this century we've let our seasoned military forces be dismantled by the sirens of peace. Because each time we did, our citizens paid the ultimate price: With their blood and the blood of their children. We therefore say peace through strength not peace through OMB imposed budget agreements.

America's winning technology in the Persian Gulf war had its genesis in research and development performed in the decade of the 1980's and earlier. Critics in years past condemned the MI tank, the Patriot missile system, A-10 and F/A-18 aircraft, the AH-64 Apache attack helicopter and other systems. Yet these weapons systems performed superbly in the Persian Gulf, and without a viable defense industrial base these technologies would not have been available to the United States. The FY 1991 Defense Authorization Act and the FY 1992-93 Defense Budget Request intend to eliminate production of at least 15 major systems - many of which were proven in combat and for which replacement systems have not or will not be developed. The United States is currently the world's leader in the development of new technologies but must ensure that it does not become vulnerable to a disruption in materiel vital to our national security, and that its industrial base can surge when military production is required.

The American Legion is convinced that the United States needs to preserve its defense industrial base by sustaining proven technologies for Army, Navy, Air Force and Marine Corps systems while developing replacement advanced technologies.

With regard to tank production, for example, the Soviets are reportedly slowing their domestic production to 800 tanks a year but, according to Department of the Army sources, their industrial base will not be shutting down but merely redesigning. Our MI tank production is scheduled to cease in 1995 (with FMS sales) and production of the new Block III tank will not commence until nearly seven years later. It appears that tank retrofit programs and other programs are in order. Upgrading proven systems in the past such as the B-52 bomber and F/B-111 fighter-bomber proved to be not only cost-effective but vital to our security interests until replacement stealth technologies were in-place.

Research being performed now will be essential to victory in systems fielded in the 21st century. The American Legion urges the Congress to preserve our Defense industrial base for proven and new technologies by continuing to fund research, development and procurement budgets so as to retain our technological edge in the 21st century. Only by doing so can we hope to sustain deterrence and if necessary assure victory whenever U.S. military power is committed.

Mr. Chairman, there are several other issues we would like to discuss with the Subcommittee today. The first concerns the dedicated men and women who are currently serving in the Armed Forces. Unlike previous eras, career-oriented service members today serve voluntarily and not in a conscripted status. We have a quality force which is well-trained, well-equipped, and well-led. In our visits to military installations, we have detected considerable anxieties from officers, non-commissioned officers, and junior enlisted personnel stemming from the uncertainties of future service to the nation. The erosion of morale is real. The opportunity for service members to earn a military retirement annuity and subsequently enter a second civilian career has been the mainstay incentive for officers and non-commissioned officers who are considering pursuing a military career. The bulk of service members who would be subjected to reductions-in-force serve predominately in the combat branches of the Services, yet all separating service members will require transitional benefits and training to be competitive and productive in the civilian work force. The Congress has made progress in addressing a transitional benefits package but we strongly urge that a fair and equitable unemployment compensation similar to that provided for discharged civilians should also be available for involuntarily separated service members who are discharged for the convenience of the Government.

We also note with considerable interest that the President's budget requests contains a 4.2 percent pay raise for the Armed Forces in FY 1992 and a 4.3 percent pay raise in FY 1993. We would point out that pay comparability between the Armed Forces and the civilian sector is still a goal, not a reality. The Department of Defense currently estimates that service men and women are paid approximately 11 percent below the civilian level. Maintaining the quality of the Services is directly tied to such factors as military pay and quality of military life.

We also strongly urge the Congress to preserve the guarantee of purchasing power for retired military and civilian personnel by insuring that cost-of-living adjustments are consistent with inflation factors.

Comparable military compensation, as important as it is, is only one factor as to what attracts and retains quality service members in the Armed Forces. Families of military members are a major part of the quality of life equation. Whether a good soldier, sailor, airman, or Marine remains in the Service is often decided by the family's perception of whether an adequate quality of life is being provided by the Service in exchange for the hardship, family separation, and the possibility of combat attendant to military life. Three of the most important quality of life programs are retirement benefits, health care and commissaries.

In light of the proposed reduction of the Armed Forces, The American Legion strongly urges Congressional action to focus attention on the Department of Defense and its military departments to address the medical needs of military families and retirees throughout the United States and around the world. Armed Forces medical facilities and the CHAMPUS program must be expanded and fully funded to meet our nation's responsibility to provide medical care to active duty service personnel, their dependents, and military retirees and their dependents. The fact is that CHAMPUS has been chronically underfunded for years. The FY 1990 CHAMPUS budget was $3.1 billion and has grown at the rate of approximately 10 percent per year and yet has not kept pace. This program will require far-sighted expansion as larger numbers of men and women leave the services. The American Legion urgently seeks its full funding.

Military retirees and their dependents are covered under CHAMPUS until age 65 when they are no longer eligible for CHAMPUS as they become MEDICARE-eligible. MEDICARE covers much less than CHAMPUS and must be supplemented by additional expensive health insurance. Many of our military retirees are living on fixed incomes and are now being subjected to a tripling of CHAMPUS deductibles. The American Legion, therefore, supports legislation that calls for the continuation of CHAMPUS coverage for all eligible veterans and their dependents beyond the age of 65 and that, as a minimum, CHAMPUS/CHAMPVA entitlements be used as supplemental coverage to MEDICARE.

With regard to military retirees and their dependents, The American Legion is also strongly supportive of legislation to amend Title 38 USC 3104 so as to remove the unfair restriction against the receipt of military retired pay, due to length of service, concurrently with VA compensation. Additionally, we seek to amend Public Law 99-145 to eliminate the automatic age 62 offset of Survivor Benefit Plan (SBP) benefits with Social Security benefits. Military retirees have paid into both systems, and surviving spouses should be entitled to receive both forms of benefits and not be penalized. Congress needs to correct these longstanding unjust mechanisms.

With regard to commissary operations, we strongly support the retention of the military commissary system and that it be preserved as an institutional support for our active duty military, military retirees, reserve component personnel on active duty for training status, 100 percent service-connected disabled veterans and widows authorized commissary privileges.

Experience has shown that when the quality of a military member and his family's life have eroded, the resultant shifts in morale and exodus from the service are inevitably followed by a significant drop in readiness. The American Legion urges the Congress to fully fund these areas.

The Armed Forces have seen a welcome modernization effort in the last few decades. Modernization, however, must be a continuing process and much needs to be done in all the Services if the United States is to maintain its military deterrence. The American Legion believe that the United States should proceed resolutely toward the continued development of the Strategic Defense Initiative. To remain competitive with Soviet armor developments, for example, we believe the Army must continue its research and development efforts to integrate new armor modular technologies into its follow-on armor and anti-armor improvements in order to enhance U.S. armor lethality, survivability and fightability so as to match or defeat Soviet armor capabilities.

With regard to the Navy, we strongly urge the retention of 12-carrier battle groups as the minimum number required to ensure U.S. on-scene responses to world trouble spots and to project both sea and air power. We are supportive of development and production of the Navy's AX stealth attack aircraft to replace the aging A-6, increased production of SSN-21 Seawolf submarines and the V-22 Osprey (Tilt-Rotor) aircraft for the Marine Corps. The Persian Gulf War has also highlighted the dire need for the Navy to immediately augment its sealift assets and for our Merchant Marine to be rebuilt as second to none in the world.

The Air Force's strategic modernization program includes the timely acquisition of Peacekeeper missiles, development of the small ICBM and Peacekeeper missiles in rail garrison, and deployment of a mixed strategic bomber force of B-2 bombers and advanced cruise missiles. Greater emphasis and priority needs to be placed on our global airlift capabilities with the production of the C-17 aircraft. Continued production of F-15 and F-16 aircraft, development and production of the Advanced Tactical Fighter (YF-22), and continued production of the Advanced Medium Range Air-to-Air Missile (AMRAAM) and the Low Altitude Navigation and Targeting System (LANTIRN) weapons system are needed to enhance the effectiveness of our tactical fighter forces.

These modernization efforts must continue if our soldiers, sailors, Marines and airmen are to have the best available in tools for combat. They can deploy, fight and win, or impose the policy and will of the United States only if they are properly equipped and trained. Without the necessary troop levels even the most sophisticated weaponry will not provide the deterrent force necessary for this nation to remain at peace.

Mr. Chairman, The American Legion strongly supports full-funding for the high school and collegiate Reserve Officer Training Corps programs. These ROTC programs, particularly at the high school level, are highly valued in communities throughout the country. They are noted for their character and discipline-building qualities which contribute immensely to making our youth better citizens. ROTC programs are cost-effective and, at the college-level, are the largest source of commissioned officers for the Total Force. We have received a number of inquiries from Legionnaires requesting the continuance of Junior ROTC programs in high schools.

Since its beginning, The American Legion has been a strong advocate of the citizen soldier concept. We urge the Congress to continue to authorize and fund the most modern weapons systems for use by the Reserve Components. Nearly 230,000 Guardsmen and Reservists were activated for Operation Desert Shield/Desert Storm and they performed admirably. Now that the war is over, we believe that Guardsmen and Reservist citizen-soldiers need to be returned home as expeditiously as possible so they can resume their lives with their families and employment in the civilian sector.

With leaner Department of Defense budgets and deep cuts in the Active Duty force forecasted in the years ahead, more reliance will be placed on our Reserve Components than ever to protect our national security interests. Their missions are already vital on the home front to include drug-interdiction efforts and disaster relief assistance. Their contribution to the Total Force in combat, combat support, and combat service support is invaluable as was proven during Operation Desert Shield/Desert Storm.

Yet it has been proposed in the FY 1992-93 Defense Budget Request that the Reserve Components be reduced by 21 percent over the next five years. As we know, the Reserve Components are a highly cost effective form of national defense. We believe that the Administration's proposed budget goes too far in reducing our National Guard and Reserve units.

Mr. Chairman, attached to this statement are relevant resolutions passed by the last National Convention of The American Legion. We would ask you to accept them in the spirit of their having been offered by concerned citizens who have seen what happens when foreign policy fails, or when some foreign power perceives that the United States is unwilling, or unready, to defend its national interests. We thank you for this opportunity.

National Executive Committee Meeting
of
The American Legion
Indianapolis, Indiana
May 1-2, 1991

RESOLUTION NO.:	22
SUBJECT:	MAINTAINING AMERICA'S MILITARY STRENGTH
COMMISSION:	NATIONAL SECURITY

WHEREAS, The President of the United States as Commander-in-Chief of the Armed Forces is constitutionally charged with providing for the national defense of the United States and for protecting its citizens and national security interests from all enemies, foreign and domestic; and

WHEREAS, The national security objectives of the United States have been based on a foundation of peace and freedom through strength, and such policy has succeeded brilliantly in preserving the peace since World War II; and

WHEREAS, There have been extreme changes in the world during the last 24 months particularly in the Soviet Bloc; and

WHEREAS, While U.S. and Soviet relations have improved over t e past several years; however, the Soviet Union despite her internal problems continues to maintain massive standing forces while steadily modernizing her strategic and tactical capabilities; and

WHEREAS, Prior to war in the Persian Gulf, the United States had entered four major wars in this century unprepared during times of peace for which her veterans have paid a terrible price in blood and resources; and

WHEREAS, We as veterans have seen the dismantling of a capable American force after each cessation of hostility throughout the 20th Century; and

WHEREAS, The Armed Forces through its steady buildup of exceptionally high caliber forces and modernization programs in the decade of the 1980's have been able to rapidly and successfully respond to crises which threatened America's national security interests such as in Grenada, Panama, and most recently in the Persian Gulf; and

WHEREAS, Even before final victory was attained in the Persian Gulf War, the Administration in its FY 1992-93 Defense Budget Request has proposed to severely reduce Armed Forces manpower by 25 percent over the next five years down to force levels equivalent to that of the latter 1940's; and

WHEREAS, The national security interests of the United States are too important to be dictated by pre-arranged budget-balancing agreements, accomplished without benefit of Congressional or public debate and by the restraints imposed by the Office of Management and Budget (OMB); now, therefore be it

RESOLVED, By the National Executive Committee of The American Legion in regular meeting assembled in Indianapolis, Indiana, on May 1-2, 1991, That The American Legion calls upon the President of the United States and the Department of Defense to safeguard the freedoms of the United States by maintaining viable military force levels to meet any emergencies which threaten the United States, the American people, and its national security interests; and, be it further

RESOLVED, That the Congress provide the funding necessary to provide the requisite strategic and conventional forces to uphold the President's constitutional responsibilities for the national defense of the United States.

National Executive Committee Meeting
of
The American Legion
Indianapolis, Indiana
May 1-2, 1991

RESOLUTION NO: 21

SUBJECT: PRESERVING AMERICA'S DEFENSE INDUSTRIAL BASE

COMMISSION: NATIONAL SECURITY

WHEREAS, America's winning technological edge in the Persian Gulf war had its genesis in research and development performed in the decade of the 1980's and earlier; and

WHEREAS, Critics in years past condemned the M1A1 Abrams Tank, the Patriot missile system, A-10 and F/A-18 aircraft, the AH-64 Apache and other systems; however, these weapons systems performed superbly in the Persian Gulf and without a viable defense industrial base, these technological advances would not have been available to the United States; and

WHEREAS, The FY 1991 Defense Authorization Act and the FY 1992-93 Defense Budget Request intend to eliminate production of at least 15 major systems many of which have been proven in combat and for which replacement systems have not or will not be developed; and

WHEREAS, The United States is currently the world's leader in the development of new technology but must ensure that it does not become vulnerable to a disruption in materiel vital to our national security, and that its industrial base can surge when required; and

WHEREAS, Upgrading proven systems in the past such as the B-52 bomber and F-111 fighter have proven to be not only cost-effective but vital to our national security until replacement stealth technologies were in-place; and

WHEREAS, Research being performed now will be essential to victory in systems fielded into the 21st century; now, therefore, be it

RESOLVED, By National Executive Committee of The American Legion in regular meeting assembled in Indianapolis, Indiana, on May 1-2, 1991, That The American Legion urges the President and the Congress to preserve America's defense industrial base by continuing to fund research, development and acquisition budgets so as to retain our technological edge in the 21st century to assure victory whenever U.S. military power is committed.

NATIONAL EXECUTIVE COMMITTEE MEETING
OF
THE AMERICAN LEGION
INDIANAPOLIS, INDIANA
OCTOBER 12-13, 1988

RESOLUTION NO.: 11

SUBJECT: MILITARY MEDICAL CARE

COMMITTEE: NATIONAL SECURITY

WHEREAS, Department of Defense Military installations provide medication and medical services to active duty personnel, their dependents and military retirees and their dependents as recommended by military or private doctors; and

WHEREAS, Medical support for these beneficiaries is woefully inadequate; and

WHEREAS, Some installations have eliminated certain medications for retirees and their dependents while continuing the same medication to active duty personnel based on funding considerations; and

WHEREAS, A nonavailability statement authorizes the beneficiary to utilize local civilian medical facilities and claim renumeration for costs incurred by using the Civilian Health and Medical Program of the Uniformed Services (CHAMPUS); and

WHEREAS, CHAMPUS limitations place a heavy burden on service personnel, and many must accept heavy debts to secure the medical care their families need; and

WHEREAS, CHAMPUS has three major differences from commercial medical insurance programs:

1) CHAMPUS limits procedural payments to no more than what eight out of ten facilities in the area charge for those procedures and obtaining current information used to establish present rates is very difficult.

2) CHAMPUS requires a deductible of $50.00 to $100.00.

3) CHAMPUS requires 20 to 25 percent coinsurance to be borne by the recipient. However, in a distinct difference with commercial major medical coverage, there is no limit to the recipient's upper liability; and

...EREAS, The net effect of these CHAMPUS regulations is to cause extended medical care to bankrupt many military families, while others decline to seek treatment because of these regulations; now, therefore, be it

RESOLVED, By the National Executive Committee of The American Legion in regular meeting assembled in Indianapolis, Indiana, on October 12-13, 1988, That The American Legion urges Congressional action to focus attention by the Department of Defense and its military departments on the needs of military families and retirees stationed throughout the United States and around the world; and, be it further

RESOLVED, That Congress should fully fund Armed Forces medical facilities to the extent necessary to meet the U.S. Government responsibility to provide adequate medical care to active duty service people, their dependents, and military retirees and their dependents.

SEVENTY-SECOND NATIONAL CONVENTION
OF
THE AMERICAN LEGION
INDIANAPOLIS, INDIANA
AUGUST 28, 29, 30, 1990

RESOLUTION NO.: 86

SUBJECT: CHAMPUS/CHAMPVA ENTITLEMENTS

COMMITTEE: NATIONAL SECURITY

WHEREAS, Individuals covered under CHAMPUS/CHAMPVA lose this benefit when they become eligible for Medicare; and

WHEREAS, Medicare with minimal supplemental coverage must be paid for by the individual at an annual rate in excess of $900.00; and

WHEREAS, Medicare and most medicare supplemental insurance do not cover prescription medications; and

WHEREAS, Congress repealed the Medicare catastrophic coverage which would have eventually assisted with the cost of prescription medication; now, therefore, be it

RESOLVED By The American Legion in National Convention assembled in Indianapolis, Indiana, August 28, 29, 30, 1990, that The American Legion supports legislation to amend appropriate USC's to allow continuing CHAMPUS/CHAMPVA entitlement as a supplemental coverage to Medicare.

SEVENTY-SECOND NATIONAL CONVENTION
OF
THE AMERICAN LEGION
INDIANAPOLIS, INDIANA
AUGUST 28, 29, 30, 1990

RESOLUTION NO.: 92

SUBJECT: PROGRESSIVE U.S. ARMOR IMPROVEMENTS

COMMITTEE: NATIONAL SECURITY

WHEREAS, The Soviet Union has been steadily and aggressively gaining the lead over U.S. Armored capabilities both quantitatively and qualitatively in armored warfare over the past 20 years; and

WHEREAS, The U.S. Army has been developing, producing and improving the Bradley Infantry Fighting Vehicle and M-1 Tank, the Soviets have developed and are deploying armored systems which are at least a generation ahead of U.S. armored vehicles; and

WHEREAS, The Future Soviet Tank One (FST-1), which is currently in production, and the follow-on FST-2, which is expected to be produced in the mid-1990's, will be fielded with lightweight glass composite or ceramic laminate armor, with reactive armor, which will likely defeat any anti-tank guided missile in the world; and

WHEREAS, To remain competitive with the Soviets in armor/anti-armor, it will be necessary for the U.S. to maintain a steady progression of well-focused technology base programs without extensive delays to permit significant Soviet armor-defeating improvements at least every five years; and

WHEREAS, The U.S. Army is developing Armor/Anti-Armor and Heavy Force Modernization Plans to address this imbalance in the mid-1990s and beyond, which will integrate new armor modular technologies into a common family of vehicles; now, therefore, be it

RESOLVED, By The American Legion in National Convention assembled in Indianapolis, Indiana, August 28, 29, 30, 1990, that The American Legion urges the Congress to provide adequate funding to support the research and development activities associated with the Army's Armor/Anti-Armor and Heavy Force Modernization Plans to assure timely and successful improvements in U.S. armor lethality, survivability, fightability so as to match or defeat any aggressor capability.

SEVENTY-SECOND NATIONAL CONVENTION
OF
THE AMERICAN LEGION
INDIANAPOLIS, INDIANA
AUGUST 28, 29, 30, 1990

RESOLUTION NO.: 180

SUBJECT: C-17 AIRCRAFT

COMMITTEE: NATIONAL SECURITY

WHEREAS, The operation Just Cause in the handling of the Panamanian question revealed that airlift was the key element in providing for the solution to that problem; and

WHEREAS, The C-17 is vital to modernizing and expanding the United States airlift capabilities and will assume the responsibility of the United States primary strategic airlift aircraft when fully operational which is a role currently filled by the aging C-141 which is fast approaching the end of its service life; and

WHEREAS, The C-17 offers much lower support costs then either the C-141 or C-5 and combines the advantages of a strategic airlifter range, speed, aerial refueling and payload with those of a tactical airlifter, short field landing and takeoff capability, survivability, maneuverability in the air and on the ground and precise, prompt delivery; and

WHEREAS, Air Force tankers provide the capability for refueling of the airlift fleet and aerial refueling increases range, loiter times and ordnance capabilities of receiving aircraft-true force multiplication; and

WHEREAS, The Air Force is continuing to re-engine KC-135s and are adding multipoint capabilities, i.e., the capability to refuel more than one aircraft at the same time, to elements of the KC-10 fleet; now, therefore, be it

RESOLVED, By The American Legion in National Convention assembled in Indianapolis, Indiana, August 28, 29, 30, 1990, that The American Legion urges the continued modernization and expansion of the nation's airlift capabilities with special attention to the C-17 aircraft and the re-engining of the KC-135 tanker; and, be it further

RESOLVED, That The American Legion urge the continued funding, accelerated procurement and improvements of the said C-17 aircraft.

SEVENTY-SECOND NATIONAL CONVENTION
OF
THE AMERICAN LEGION
INDIANAPOLIS, INDIANA
AUGUST 28, 29, 30, 1990

RESOLUTION NO.: 219

SUBJECT: DUAL RECEIPT OF MILITARY RETIRED PAY AND VA COMPENSATION

COMMITTEE: NATIONAL SECURITY

WHEREAS, 38 USC 3104, prohibits the payment of retirement pay from the Armed Forces concurrently with VA compensation or pension; and

WHEREAS, Civil Service employees, we well as members of Congress, who retire on longevity may receive their retirement annuity with VA compensation; and

WHEREAS, Armed Forces retirement pay and Civil Service annuity (longevity) is based on duties performed and length of service; and

WHEREAS, Career Civil Service employees and career members of the Armed Forces are both employed by the Federal Government; and

WHEREAS, The American Legion believes that it is inequitable to authorize one group of Federal employees to receive both VA compensation and retirement pay, and prohibit another group from receiving both; now, therefore, be it

RESOLVED, By The American Legion in National Convention assembled in Indianapolis, Indiana, August 28, 29, 30, 1990, that The American Legion sponsor and support legislation to amend 38 USC 3104, so as to remove the restriction against the receipt of Armed Forces retired pay, due to length of service, concurrently with VA compensation.

SEVENTY-SECOND NATIONAL CONVENTION
OF
THE AMERICAN LEGION
INDIANAPOLIS, INDIANA
AUGUST 28, 29, 30, 1990

RESOLUTION NO.: 273

SUBJECT: MAINTAIN THE COMBAT READINESS OF THE U.S. ARMY

COMMITTEE: NATIONAL SECURITY

WHEREAS, U.S. national strategy has been based upon a policy of peace and freedom through strength and such policy has succeeded in preserving the peace, particularly in Europe, since World War II; and

WHEREAS, Although the Soviet Union is entering an unpredictable transition period characterized by an economically flawed system and movements toward independence and democracy; Soviet initiatives should not be measured in terms of perceived intentions but in terms of capabilities, and the Soviet military force remains massive both in troops and weapons; and

WHEREAS, U.S. military force remains the ultimate guarantor of peace and prosperity in the world and any reduction in the U.S. Army should be based on well-considered plans and carried out over a sufficiently long period of years to minimize deterioration of capability and readiness, at the same time keeping faith with those capable people who volunteered for careers in the service; and

WHEREAS, In discussing the FY 1991 Budget with the Congress, the Chief of Staff of the Army stated that the Army of 1995 must be a smaller, but highly capable force; forward deployed in sufficient strength to provide a credible deterrent and to demonstrate unambiguous commitment and resolve to its allies; globally oriented; and clearly able to execute worldwide contingency operations. It must have an appropriate mix of forces, be adequately modernized and fully trained, and be ready to respond on short notice-- an Army that is versatile, deployable, and lethal; and Army to protect the survival, freedom and prosperity of the United States; now, therefore, be it

RESOLVED, By The American Legion in National Convention assembled in Indianapolis, Indiana, on August 28, 29, 30, 1990, that we support:

(1) The Army plan for a highly capable, modernized, fully trained force to perform the following strategic roles in protecting United States interests:

(a) Provide forward deployed ground forces for deterrence, sustained land combat, and conflict termination in areas of vital interest;

(b) Maintain combat-ready ground forces--heavy, light and special operations--in the United States for immediate contingencies worldwide;

(c) Maintain forces in the United States able to reinforce forward-deployed and contingency forces;

(d) Participate in evaluation/protection of American citizens, disaster relief, emergency assistance to civil authorities, and interdiction of illicit drug traffic;

(e) Provide support to allied and friendly nations through peacekeeping, security assistance, nation building and Army-to-Army initiatives; and

(2) The major procurement items in the Army budget, including completing the Abrams Tank (M1A1 and M1A2); continuing the Bradley Fighting Vehicle, the Apache Attack Helicopter, the TOW 2 missile, the Patriot air defense missile, the Stinger missile, the Multiple Launch Rocket System, the Black Hawk tactical lift helicopter, the Single Channel Ground and Airborne Radio System, the Army Tactical Missile System and the High Mobility Multipurpose Wheeled Vehicle; and beginning procurement on the Air Defense Heavy System, and and continue development of the Army Light Helicopter program.

SEVENTY-SECOND NATIONAL CONVENTION
OF
THE AMERICAN LEGION
INDIANAPOLIS, INDIANA
AUGUST 28, 29, 30, 1990

RESOLUTION NO.: 293

SUBJECT: MAINTAINING AMERICA'S VIGILANCE

COMMITTEE: NATIONAL SECURITY

WHEREAS, The national security strategy of the United States has been based upon a policy of peace and freedom through strength and such policy has succeeded brilliantly in preserving the peace, particularly in Europe since World War II; and

WHEREAS, Certain elements of the Congress, convinced that the Cold War is over, appear determined to drastically reduce the capabilities of the Armed Forces by 50 percent over the next five years thereby achieving a so-called "peace dividend"; and

WHEREAS, The Soviet Union is entering an unpredictable transitional period characterized by an economically-flawed system, independence and democratic movements in the Baltic States and Warsaw Pact countries, and intensive ethnic struggles, any or all of which could threaten the fabric of Soviet endeavors as well as US-Soviet relations; and

WHEREAS, Soviet initiatives should not be measured in terms of Soviet intentions but in terms of her capabilities, and the Soviet military remains massive both in terms of troops and weaponry; and

WHEREAS, The United States has entered four major wars in the past century unprepared during times of peace for which her veterans have paid a terrible price in blood and resources; and

WHEREAS, Our current national security strategy seeks, whenever possible in concert with our allies, to: deter aggression that could threaten our security; deal with threats to the security of the United States to include the threat of international terrorism; to improve our strategic stability through equitable and verifiable arms control agreements and maintain our strategic and conventional deterrents; to remain vigilant to Soviet and Third World adventurism; to prevent the transfer of militarily critical technologies especially weapons of mass destruction; and to reduce the flow of illegal drugs into the United States; now, therefore, be it

RESOLVED, By The American Legion in National Convention assembled in Indianapolis, Indiana, August 28, 29, 30, 1990, that The American Legion urges the President as Commander-in-Chief of the Armed Forces of the United States, as well as the Congress, to remain ever vigilant to Soviet and Third World adventurism and to maintain viable military and intelligence capabilities so as to support our national security strategy objectives and to protect America's interests in an uncertain world.

SEVENTY-SECOND NATIONAL CONVENTION
OF
THE AMERICAN LEGION
INDIANAPOLIS, INDIANA
AUGUST 28, 29, 30, 1990

RESOLUTION NO.: 295

SUBJECT: STRATEGIC DEFENSE INITIATIVE

COMMITTEE: NATIONAL SECURITY

WHEREAS, The U.S. has successfully deterred nuclear attack for 40 years through the threat of retaliation, but new technologies may offer improved deterrence through the possibility of the addition of defense measures against missile attack; and

WHEREAS, A defense designed to intercept missiles, as opposed to a policy of unlimited nuclear retaliation, adheres to the principles of proportionality and discrimination, destroying only enemy nuclear weapons and imposing no harm on innocent, noncombatant life; and

WHEREAS, Even a partially effective strategic defense system would proportionately decrease the effectiveness of Soviet nuclear forces, further contributing to deterrence; and

WHEREAS, Current investment in the Strategic Defense Initiative represents only about 1% of the DOD budget; and

WHEREAS, The Strategic Defense Initiative has compelled the Soviet Union to return to the bargaining table and has spurred concessions from the Soviet Union in arms control negotiations; and

WHEREAS, The Soviet Union has been quietly, but purposefully, developing and deploying elements of their own strategic defense, including anti-ballistic missiles, ground-based lasers and phased-array radars; now, therefore, be it

RESOLVED, By The American Legion in National Convention assembled in Indianapolis, Indiana, August 28, 29, 30, 1990, that the U.S. proceed deliberately and resolutely toward the development and deployment of a strategic defense system; and, be it further

RESOLVED, That as elements of a strategic defense system, such as ground-based lasers or kinetic kill vehicles, achieve mature development, they should be deployed, and, be it further

RESOLVED, That the Strategic Defense Initiative should not be relinquished in order to achieve negotiation concessions from the Soviet Union.

SEVENTY-SECOND NATIONAL CONVENTION
OF
THE AMERICAN LEGION
INDIANAPOLIS, INDIANA
AUGUST 28, 29, 30, 1990

RESOLUTION NO.: 301

SUBJECT: CHAMPUS AVAILABILITY

COMMITTEE: NATIONAL SECURITY

WHEREAS, The federal government established CHAMPUS to assist military personnel and their dependents defray the cost of medical care; and

WHEREAS, The cost of medical care continues to increase; and

WHEREAS, Military retirees and their dependents are covered by CHAMPUS until age 65; and

WHEREAS, At age 65 military retirees and their dependents are no longer covered by CHAMPUS, but are then covered by Medicare; and

WHEREAS, Most retirees are on a fixed income; and

WHEREAS, Medicare covers much less than CHAMPUS and must be supplemented by additional insurance; now, therefore, be it

RESOLVED, By The American Legion in National Convention assembled in Indianapolis, Indiana, August 28, 29, 30, 1990, that The American Legion supports legislation for the continuation of CHAMPUS to all eligible veterans and their dependents after the age of 65.

SEVENTY-SECOND NATIONAL CONVENTION
OF
THE AMERICAN LEGION
INDIANAPOLIS, INDIANA
AUGUST 28, 29, 30, 1990

RESOLUTION NO.: 304

SUBJECT: MILITARY PAY AND QUALITY OF LIFE

COMMITTEE: NATIONAL SECURITY

WHEREAS, People are the foundation of our Nation's fighting force; and

WHEREAS, Without highly qualified, dedicated men and women, even the most sophisticated weaponry will not provide the deterrent force necessary for this National to remain at peace; and

WHEREAS, Military pay must be reasonably comparable to pay available in the private sector if the Armed Services hope to compete for quality volunteers and retain an experienced military force for the long term; and

WHEREAS, While pay raises have kept pace with inflation, they have not maintained comparable wage growth with the private sector; and

WHEREAS, We may, in the long run, see an exodus of those with highly transferable skills and find it extremely difficult to recruit quality personnel; now, therefore, be it

RESOLVED, By The American Legion in National Convention assembled in Indianapolis, Indiana, August 28, 29, 30, 1990, that Congress must restore and maintain military pay comparability; and, be it further

RESOLVED, That Congress must strive to improve those "quality of life" elements which they can influence, such as: improving Aviation Career Incentive Pay, improving medical and dental services, maintaining commissary and exchange store privileges, preserving an attractive retirement system, and maintaining favorable tax treatment of allowances.

SEVENTY-SECOND NATIONAL CONVENTION
OF
THE AMERICAN LEGION
INDIANAPOLIS, INDIANA
AUGUST 28, 29, 30, 1990

RESOLUTION NO.: 306

SUBJECT: MILITARY COMMISSARY OPERATIONS

COMMITTEE: NATIONAL SECURITY

WHEREAS, The President's Private Sector Survey on Cost Control had previously recommended that the Department of Defense terminate the operation of the commissaries in the continental United States except in areas where adequate commercial food stores are not available; and

WHEREAS, The DOD Third Quadrennial Review of Military Compensation (1976) indicated that the value perceived by the service member substantially outweighs the government costs; therefore, commissaries provide physic income that far exceeds the cost; and

WHEREAS, The Joint Chiefs of Staff on January 13, 1983, recommended that the President resist any attempt to alter military retirement to include benefits; and

WHEREAS, Reduced commissary support would undermine the morale of married careerists which is a key element of military preparedness, it would also be devastating to (1) junior enlisted families; (2) widows; and (3) the 100 percent service-connected disabled veterans eligible for commissary patronage; now, therefore, be it

RESOLVED, By The American Legion in National Convention assembled in Indianapolis, Indiana, August 28, 29, 30, 1990, that we strongly support retention of the military commissary system and urge the Administration and the Congress to provide necessary authorization and funding to allow the system to be preserved as an institutional support for our active duty military, military retirees, 100 percent service-connected disabled veterans, widows authorized commissary privileges and other authorized patrons.

SEVENTY-SECOND NATIONAL CONVENTION
OF
THE AMERICAN LEGION
INDIANAPOLIS, INDIANA
AUGUST 28, 29, 30, 1990

RESOLUTION NO.: 307

SUBJECT: TOTAL FORCE POLICY

COMMITTEE: NATIONAL SECURITY

WHEREAS, Under the Total Force Policy, Reserve Components are a key element of the total force; and

WHEREAS, In the event of war, Reserve Components would deploy alongside Active Component units, their missions demanding that they be as capable and ready as their active-duty counterparts; and

WHEREAS, It is necessary that our Reserve Components be equipped with the latest weapon systems on a "first-to-fight, first to be equipped" basis if they are to be effective; and

WHEREAS, Current programs call for increased manning, training and readiness; now, therefore, be it

RESOLVED, By The American Legion in National Convention assembled in Indianapolis, Indiana, August 28, 29, 30, 1990, that Congress be called upon to authorize and fund the most modern weapons systems for use by the Reserve Components; and, be it further

RESOLVED, That we urge Congress to authorize and fund the Reserve Components so as to provide sufficient recruiting and retention incentives to man units at the authorized levels in order that they may accomplish their missions in the event of war.

SEVENTY-SECOND NATIONAL CONVENTION
OF
THE AMERICAN LEGION
INDIANAPOLIS, INDIANA
AUGUST 28, 29, 30, 1990

RESOLUTION NO.: 309

SUBJECT: MILITARY RETIREMENT SYSTEM (COLA)

COMMITTEE: NATIONAL SECURITY

WHEREAS, The Gramm-Rudman-Hollings Deficit Reduction Act eliminated cost-of-living adjustments (COLA) for retired military and civilian personnel for Fiscal 1986; and

WHEREAS, The Administration's budget request for Fiscal 1991 recommended no cost-of-living adjustments (COLA); and

WHEREAS, Since 1958, the Congress has slowly developed "an automatic mechanism, which would, in the last analysis, guarantee every military retired member that the purchasing power of retired pay to which he was entitled at the time of retirement would not, at any time in the future, be eroded by subsequent increases in consumer prices" (HASC Committee Print #17, Title 27, U.S. Code, May 1982); and

WHEREAS, Since these reductions in the frequency of the adjustment, a series of delays and the implementation of the Gramm-Rudman-Hollings deficit reduction Act have not supported this guarantee; and

WHEREAS, If the no-COLA provision remains in effect for the duration of the Gramm-Rudman-Hollings bill (5 years), the real value of retired pay would shrink some 20 percent; and

WHEREAS, The perceptions produced by the continued attacks on military retirement pay have created some disturbing trends in retention rates of retirement-eligible personnel; now, therefore, be it

RESOLVED, By The American Legion in National Convention assembled in Indianapolis, Indiana, on August 28, 29, 30, 1990, that Congress preserve the guarantee of purchasing power for retired military and civilian personnel by insuring that future cost-of-living adjustments are consistent with inflation factors.

SEVENTY-SECOND NATIONAL CONVENTION
OF
THE AMERICAN LEGION
INDIANAPOLIS, INDIANA
AUGUST 28, 29, 30, 1990

RESOLUTION NO.: 343

SUBJECT: MODERNIZE THE UNITED STATES NAVY AND MARINE CORPS

COMMITTEE: NATIONAL SECURITY

WHEREAS, Water covers three quarters of the world, and the United States is an "island continent" washed by the shores of the Atlantic and Pacific Oceans; and

WHEREAS, The Soviet Navy's postwar expansion has created an offense oriented blue water force as a major element in the Soviet Union's global reach that supports expanding Soviet influence from Cuba to Vietnam to Ethiopia; and

WHEREAS, Soviet use of sea power has allowed them to challenge U.S. influence in areas of the world most critical to the security of the United States; and

WHEREAS, Our national survival and the security of our allies depend on the ability of the United States to maintain sea superiority in order to foster the strategic sealift capability, power projection capability and the strategic combat capability of the U.S. Navy; and

WHEREAS, The U.S. Navy and U.S. Marine Corps have superbly shown the United States' ability to project power, when and where needed to uphold U.S. Foreign Policy; now, therefore, be it

RESOLVED, By The American Legion in National Convention assembled in Indianapolis, Indiana, August 28, 29, 30, 1990, that we support current and future defense budget to reflect a viable U.S. Navy so as to project American seapower abroad; and, be it further

RESOLVED, That we support the continuing modernization of Navy and Marine Corps including the F-14 Tomcat, F/A-18 Hornet, A-6 Intruder, AV-8B Harrier, P-3C Orion, CH/MH-53E Super Stallion, V-22 Osprey, E-6A TACAMO, and development and production of A-12 aircraft and Navy Advanced Tactical Fighter (ATF) and full execution and deployment of the SSN-21 Seawolf Submarine program and the DDG-51 Arleigh Burke Guided Missile Destroyer program.

SEVENTY-SECOND NATIONAL CONVENTION
OF
THE AMERICAN LEGION
INDIANAPOLIS, INDIANA
AUGUST 28, 29, 30, 1990

RESOLUTION NO.: 360

SUBJECT: 12-CARRIER BATTLE GROUP NAVY

COMMITTEE: NATIONAL SECURITY

WHEREAS, The Navy has been endorsed and supported in recent years at a force level of 15 carrier groups to meet tasks in the wide variety of far-flung national commitments, and U.S. guarantees and presence throughout the world; and

WHEREAS, Recent worldwide developments Presage drastic reduction in all DOD forces; and

WHEREAS, There is much danger that hysteria and the mad rush to obtain the so-called "peace dividend" will result in intemperate reductions in all forces; and

WHEREAS, The worldwide danger present in Eastern Europe, the Soviet Union, the Third World countries, and throughout the world continues to be present; and presage drastic reduction in all DOD forces; and

WHEREAS, A strong Naval force requirement exists for all types of Naval units to cope with situations as they develop; and

WHEREAS, A deployable 12 carrier group Navy force level is the absolute minimum by which our worldwide commitments can be met; now, therefore, be it

RESOLVED, By The American Legion in National Convention assembled in Indianapolis, Indiana, August 28, 29, 30, 1990, that we strongly endorse and support a 12 deployable aircraft carrier battle group Navy as the absolute minimum required to insure United States on-scene response to worldwide trouble spots in timely and present, credible military force in support of our essential national interest.

SEVENTY-SECOND NATIONAL CONVENTION
OF
THE AMERICAN LEGION
INDIANAPOLIS, INDIANA
AUGUST 28, 29, 30, 1990

RESOLUTION NO.: 363

SUBJECT: MODERNIZE THE UNITED STATES AIR FORCE

COMMITTEE: NATIONAL SECURITY

WHEREAS, The free world has learned a very hard lesson; weakness and appeasement lead not to peace, but to war; and

WHEREAS, To keep the peace, the United States should maintain strong deterrent forces seeking equitable and verifiable arms reductions agreements with the Soviet Union; and

WHEREAS, Modernization of our strategic offensive forces was generally deferred during the 1970's; and

WHEREAS, The Soviets have modernized their ICBM forces and have also deployed over 40 SS-20 intermediate range nuclear missiles, of which two-thirds can cover all of Europe and the Middle East; and

WHEREAS, To maintain credible deterrence and a stable nuclear balance, the President, in October 1981, directed the U.S. Air Force to undertake the first comprehensive modernization of our strategic forces since they were built in the 1950's and 1960's; and

WHEREAS, Seventeen major studies since 1974 have found, in every case, that airlift requirements far exceed capabilities; and

WHEREAS, The Congressionally Mandated Mobility Study (CMMS) has concluded programmed mobility capability could not meet current or project requirements, resulting in the CMMS recommending an Air Force capable of providing a minimum objective of 66 million tons per day (MTM/D) of intertheater airlift capability with one-half of the additional forces outsized capability; and

WHEREAS, The only means available to the ground combat forces to deploy and sustain their power is either by air or water; with airlift being the only means likely to have any significant effect; and

WHEREAS, Due to steady growth in Soviet military power and steady improvement in the combat capabilities of their tactical forces, the USAF needs to continue to modernize and expand its own tactical air force; and

WHEREAS, The highest priority for our general purpose forces is to improve readiness and sustainability; and

WHEREAS, Since FY 81 the USAF has more than doubled funding for munitions and spare parts and will continue to fund spares and munitions at the highest possible level; and

WHEREAS, The Soviets are producing approximately 1000 modern tactical fighters per year in contrast with our requested 264; and the Soviet tactical and theater air forces consists of over 6,000 fighters, interceptors, fighter bombers, and medium bombers; and

WHEREAS, The first consideration in employment aerospace forces is gaining and maintaining freedom of action to conduct operations against enemy forces; and

WHEREAS, We cannot expect to achieve numerical superiority against Soviet forces, even with the cooperation of allies; and

WHEREAS, We must exploit our current technological leadership to maintain and improve our qualitative advantage in fighter aircraft, engines, weapon systems and missiles; and

WHEREAS, In space, both the Soviets and the U.S. are dependent largely on satellites for warning, communications, and command and control of their forces world-wide; the Soviets have launched four or five times as many satellites over the past decade as the United States and have the world's only operational space weapons system; now, therefore, be it

RESOLVED, By The American Legion in National Convention assembled in Indianapolis, Indiana, August 28, 29, 30, 1990, that we support:

(1) As a first priority, the USAF's efforts to update strategic modernization with timely acquisition of Peacekeeper missiles, development of the small ICBM and Peacekeeper missiles in rail garrison, and deployment and development of a mixed Strategic Bomber force of B-2's, and Advanced cruise missiles; and

(2) The USAF's greater emphasis and higher priority on global airlift capabilities with deployment and development of the C-17 aircraft at the earliest possible time; and

(3) The USAF's continuing goal to adequately fund readiness items and build toward required sustainability levels; and

(4) The USAF's efforts to improve the effectiveness and quantity of its tactical fighter forces available for air-to-air and air-to-ground combat, continued production of F-15 and F-16 aircraft; and development of the follow on close air support aircraft; development and deployment of the Advanced Tactical Fighter, Advanced Medium Range Air-to-Air Missile (AMRAAM) and the continued production of the Low Altitude Navigation and Targeting System for Night (LANTIRN) weapon system; and

(5) The USAF's continuing effort in support of national priorities in space and the promising Strategic Defense Initiative; and

(6) The USAF's continued work to improve vitally important tactical Command, Control, Communications and Intelligence (C3I), in conjunction with the other Services, particularly the Army and Marine Corps; and

(7) The USAF's close coordination with the other Services to avoid duplicating assigned missions.

SEVENTY-SECOND NATIONAL CONVENTION
OF
THE AMERICAN LEGION
INDIANAPOLIS, INDIANA
AUGUST 28, 29, 30, 1990

RESOLUTION NO.: 365

SUBJECT: SURVIVOR BENEFIT PLAN

COMMITTEE: NATIONAL SECURITY

WHEREAS, The Survivors Benefit Plan (SBP) has been greatly improved by legislative amendments; and

WHEREAS, Certain desirable provisions pertaining to the Social Security offset were not favorably considered by Congress; and

WHEREAS, Public Law 99-145 established a "2-tier" system for those who first become retirement eligible after 30 September 1985, but under which survivors' benefits will automatically be reduced from 55% and 35% upon attaining age 62; and

WHEREAS, Public Law 99-145 requires this automatic offset of the annuity even though the survivor may not be drawing Social Security benefits from the deceased's account; now, therefore, be it

RESOLVED, By The American Legion in National Convention assembled in Indianapolis, Indiana, August 28, 29, 30, 1990, that we support legislation to amend Public Law 99-145 to eliminate the automatic age 62 reduction and that at the maximum, survivor benefits be reduced only if there is an actual military service based social security benefit to the survivor.

SEVENTY-SECOND NATIONAL CONVENTION
OF
THE AMERICAN LEGION
INDIANAPOLIS, INDIANA
AUGUST 28, 29, 30, 1990

RESOLUTION NO.: 383

SUBJECT: MAINTAIN ROTC PROGRAMS

COMMITTEE: NATIONAL SECURITY

WHEREAS, The President of the United States has proposed budget reductions which would disestablish certain ROTC programs on October 1, 1991; and

WHEREAS, The ROTC program is a training course of leadership and discipline among our youth; and

WHEREAS, The ROTC program instills a sense of patriotism in our youth; and

WHEREAS, The ROTC Cadets are the future adults of our country who may be called upon to defend our country and allies if necessary; and

WHEREAS, The American Legion supports the ROTC program through the activities of the National Security and Foreign Affairs Program; now, therefore, be it

RESOLVED, By The American Legion in National Convention assembled in Indianapolis, Indiana, August 28, 29, 30, 1990, that The American Legion go on record as supporting the continuance of ROTC programs; and, be it further

RESOLVED, That The American Legion urge the Congress to support ROTC programs by preventing proposed Administration budget cuts from disestablishing ROTC programs.

SEVENTY-SECOND NATIONAL CONVENTION
OF
THE AMERICAN LEGION
INDIANAPOLIS, INDIANA
AUGUST 28, 29, 30, 1990

RESOLUTION NO.: 460

SUBJECT: REBUILD THE MERCHANT MARINE

COMMITTEE: NATIONAL SECURITY

WHEREAS, The American Legion continues to recognize the urgent need to rebuild the United States privately-owned and operated maritime industry to its former pre-eminence; and

WHEREAS, In 1980 there were approximately 500 ocean-going cargo ships in the active U.S. flag merchant fleet. Today there are about half that number, carrying less than 4% of our total international trade; and

WHEREAS, Since 1978, more than 55 shipyards have ceased operations. A total of 60,000 workers across the country have lost their jobs, and at least 14 ship companies are operating under Chapter 11 of the U.S. Bankruptcy act; and

WHEREAS, Only one shipping line has ordered a container-cargo ship built at any American shipyard since 1984. The last commercial tanker built in the U.S. was in 1985; and

WHEREAS, As long as foreign countries subsidize their yards and the U.S. does not, American ship builders are at a disadvantage because their costs are much higher; and

WHEREAS, The deployability of our military forces depend on a strategic sealift, and requires national priority; and

WHEREAS, Our maritime industry now ranks 10th among the 16 major fleets in the world, while the Soviet Union ranks second; and

WHEREAS, From our experience in WWII, Berlin, Korea, and S.E. Asia, and other hot spots have demonstrated the necessity for a strong and viable transport system overseas to protect U.S. interests, and meet commitments to our allies; now, therefore, be it

RESOLVED, By The American Legion in National Convention assembled in Indianapolis, Indiana, August 28, 29, 30, 1990, that we urge the U.S. Government in cooperating with maritime management and labor to rebuild the U.S. merchant marine to its former position as second to none in the world under the Merchant Marine Act of 1970; and, be it further

RESOLVED, That we urge action to modify the Mechant Marine Act of 70 to promote the United States flagging of U.S.-owned ships now under foreign registry.

STATEMENT OF LT. COL. JAMES C. RODENBERG, USAF (RET.), LEGISLATIVE COUNSEL, RESERVE OFFICERS ASSOCIATION OF THE UNITED STATES

Senator INOUYE. Our next witness is the legislative counsel of the Reserve Officers Association of the United States, Lt. Col. James C. Rodenberg, retired.

Colonel.

Colonel RODENBERG. Mr. Chairman and members of the committee: On behalf of the Reserve Officers Association members from each of the uniformed services, I appreciate this opportunity to present to the committee the association's views regarding the fiscal year 1992–93 budget request as it relates to the Reserve components.

ROLE OF GUARD AND RESERVES IN PERSIAN GULF

But before I comment on the budget request, I would like to reflect on the Guard and Reserve's contribution to the total force as exhibited during Operation Desert Storm. When the ground war began on January 16, the 106,000 reservists in the gulf made up about one-fifth of the forces deployed. A total of roughly 228,000 reservists were ultimately activated in support of Desert Storm.

The Chairman of the Joint Chiefs of Staff has used the word "magnificent" in describing the contributions of the Reserve components in Operation Desert Storm. Assistant Secretary Steve Duncan said in testifying before this subcommittee:

> There can be no doubt that both the call to active duty and the performance of the National Guardsmen and reservists who have served in connection with that conflict have been marked by extraordinary success.

Mr. Chairman, while the men and women of the armed services who served have a claim for the decisive victory in the Persian Gulf, the Congress and this subcommittee specifically deserve much of the credit for the outstanding performance of the Reserve components and of the total force policy which, in the words of the Secretary of Defense Dick Cheney, "was vindicated by Desert Storm."

The Congress has consistently provided sound policy, preserved needed force structure, provided necessary full-time support personnel, and has added funding for dedicated modern equipment for the Guard and Reserve. Without your backing, the Reserve components could not have contributed so effectively to the total force.

CUTS IN RESERVE COMPONENT OPPOSED

Without your continued support, the Reserve components may never again be able to provide the kind of military capability that ensured the success of Operation Desert Storm. Force structure cuts proposed by the fiscal year 1992–93 budget request seem to ignore the cost effectiveness of the Guard and Reserve and include cuts that would reduce related Reserve component capability far more severely than savings would warrant.

In defending the proposed Reserve force reductions, a DOD spokesman told the subcommittee that cuts were being applied to the Active and Reserve components "fairly, across the board," he said.

Having failed in its congressionally mandated total force study to provide clear criteria and force mix strategy, DOD has also failed to provided needed rationale for its proposed force reductions. Accordingly, force reductions appear to be budget-driven, fair-share cuts.

Because Reserve forces are demographically driven and lack the flexibility inherent in the active forces, the restoration of Reserve forces cannot be accomplished as easily as the forces of the Active components. Given the cost effectiveness of the Guard and Reserve and in the absence of clear rationale, we urge this subcommittee to reject all Reserve strength reductions that are solely budget-driven and make reductions only where the forces the reservists are designed to support are eliminated.

The Reserve components could not possibly have contributed so effectively to the total fighting force were it not for the provision of modern equipment in past years. While any drawdown of the active forces will produce some equipment that can be made available for the Reserve components, much of the equipment needed by the Reserve components either does not exist in the active forces or is in short supply.

Therefore, we urge the Congress to continue its equipment modernization program, which has proven so effective, through the add-on of funding for equipment procurement.

INSURANCE PROGRAM PROPOSED

Many reservists will be reevaluating their participation in the Reserve components on the basis of their Desert Storm experience. There are many personnel issues of concern to reservists, but I would bring only one of these to the attention of this subcommittee. There is no way to preclude the loss of income for activated reservists, but ROA would urge the Congress to consider establishing a low-cost optional self-insurance program which would allow each individual to purchase through an allotment, if desired, a selected level of insurance protection.

The proposed insurance program would allow reservists to protect either their normal personal or business income. We would urge the Congress to direct DOD to study the need and probable use of such a program and provide reports so that enabling language can be included in the fiscal year 1993 legislation.

I appreciate the fact that my complete statement will be included in the record. It addresses the needs and concerns of each of the service Reserve components in greater depth. I would invite your attention to that information and would be glad to provide additional detail.

Thank you for the opportunity to present the views of the Reserve Officers Association on these important subjects. Your support for the men and women in uniform, both Active and Reserve, is sincerely appreciated. I will be happy to answer any questions that you might have.

Senator INOUYE. Colonel, I thank you very much for your statement.

I was very much intrigued in reading your prepared statement on the self-insurance, the officers' self-insurance proposal to protect the income. I can assure you that we will call upon the Department of Defense to study this proposition very carefully and report back to the Congress at the earliest.

I think it makes sense, because we have heard from many reservists who took part in Desert Storm, suggesting that they had lost much income, in some cases resulting in bankruptcy. So I believe your proposal has some merit, sir.

Colonel RODENBERG. Certainly we have heard from a lot of our members, and they are saying they are not looking for a handout; just make the program available to them that they could participate in and pay their own way. It is of great interest to our membership.

Thank you.

Senator INOUYE. In anticipating one major question that will be asked, I would like to have your views. Private industry will complain because they will maintain that this type of insurance is available in the public sector. What would be your response? There are a lot of insurance salesmen around here.

Colonel RODENBERG. I am sure that will be the case. I am not sure they can compete. Perhaps they themselves, given the opportunity, would come up with a program that would serve the needs of the reservists, but it is not available at the present time. We certainly have not addressed that.

I think that is something that we will have to look into in greater depth. We have had members coming to us. We felt we needed to raise this issue.

Senator INOUYE. The other feature that may result in some opposition would be the optional nature, although that would make the premiums much cheaper, if everyone participates. But we will come to that.

I can assure you that we will ask DOD to look into this matter.

Colonel RODENBERG. Thank you.

Senator INOUYE. Thank you very much, Colonel.

Colonel RODENBERG. Thank you.

[The statement follows:]

STATEMENT OF LT. COL. JAMES C. RODENBERG

Mr. Chairman and members of the subcommittee, on behalf of the Reserve Officers Association, I appreciate the opportunity to present to the subcommittee the association's views regarding the Reserve components and the FY 1992/93 Defense Authorization Bill. But before I comment on the FY 92 Budget Request, I would like to reflect on the Guard and Reserve's contribution to the Total Force in the Persian Gulf War.

When the ground war began on 16 January, there were roughly 540,000 military personnel in the Persian Gulf. Nearly 106,000 of those deployed to the gulf area were members of the National Guard and Reserve, about one fifth of the forces deployed. In addition, a total of roughly 228,000 Reservists were ultimately activated in support of Operation Desert Storm.

The Chairman of the Joint Chiefs of Staff used the word "magnificent" in describing the contributions of the Reserve components to Operation Desert Storm. The Commander-in-Chief of Forces Command told Congress that the performance of Guardsmen and Reservists was "one of the major success stories of the entire operation." The Assistant Secretary of Defense for Reserve Affairs, Stephen M. Duncan, testified on 16 April, ". . . there can be no doubt that both the call to active duty and the performance of the National Guardsmen and Reservists who have served in connection with that conflict, have been marked by extraordinary success."

While the men and women of the armed forces deserve the acclaim for a decisive Persian Gulf victory, the Congress, and this subcommittee specifically, deserves much of the credit for the outstanding performance of the Reserve components and the Total Force policy, which in the words of Secretary of Defense, Dick Cheney, was "vindicated" by Desert Storm. The Congress has consistently provided sound policy, preserved needed force structure, supplied necessary full-time support personnel and has added funding for dedicated, modern equipment for the Guard and Reserve. Without your backing, the Reserve components could not have contributed so effectively to the Total Force.

Without your continued support, the Reserve Components may never again be able to provide the kind of military capability that insured the success of Operation Desert Storm. Force structure cuts proposed by the FY 92/93 DOD budget request seem to ignore the cost-effectiveness of the Guard and Reserve and include cuts that would reduce related Reserve component capability far more severely than savings would warrant.

In defending the proposed Reserve forces reductions, a DOD spokesman maintained that cuts were being applied to the active and Reserve components fairly, "across-the-board." Having failed in its congressionally mandated "Total Force Study" to provide clear criteria and a force mix strategy, DOD has also failed to provide needed rationale for its proposed force reductions. Accordingly, force reductions appear to be budget driven, "fair share" cuts. Because Reserve forces are demographically constrained, have longer training cycles and are thus less flexible than are active forces, the restoration of Reserve forces cannot be accomplished as easily as can the forces of the active components. Given the cost-effectiveness of the Guard and Reserve and in the absence of clear rationale to make the sizable reductions that have been proposed, we urge this subcommittee to reject all Reserve strength reductions that are solely budget driven.

As has already been suggested, the Reserve components could not possibly have contributed so effectively to the total fighting force were it not for the provision of modern equipment in past years. While any drawdown of the active forces will produce some equipment that can be made available for the Reserve components, much of the equipment needed by the Reserve components either does not exist in the active force or is in short supply. Therefore, we urge the Congress to continue its equipment modernization program, which has proven so effective, through the add-on of funding for equipment procurement.

Many Reservists will be reevaluating their participation in the Reserve components on the basis of their Desert Storm experience. There are many personnel issues of concern to Reservists, but I will bring only one to the attention of this subcommittee.

There is no way to preclude the loss of income for activated Reservists, but ROA would urge the Congress to consider establishing a low-cost, optional self-insurance program which would allow each individual to purchase—through a pay allotment, if desired—a selected level of insurance protection up to 100 percent. The proposed insurance program would allow Reservists to protect either their normal personal or business income. We would urge the Congress to direct DOD to study the need and probable use of such a program and provide a report so that enabling language can be included in FY 93 legislation.

I now would call your attention to the needs and concerns of the Reserve components of the individual services:

UNITED STATES ARMY RESERVE

There is no question that the post Desert Storm Army will be smaller than and different from the Army we have known for the past decade. Part of that difference, however, should take advantage of the proven outstanding performance of our Army Reservists "called to the colors." Dead is the myth that, short of a war in Europe, no President would be able, for political reasons, to call up the Reserve components. Thanks largely to congressional support, the Army Reserve has proven that properly structured, equipped and trained units and individuals can provide this nation with the greatest possible cost-effective defense capability in an era where budgets are driving many national security decisions.

The Reserve Personnel, Army, budget requests for FY 92 and FY 93 are $2.2 billion and $2.1 billion respectively. This $170.5 million decrease from FY 91 reflects not only Selected Reserve end strength reductions but drastic reductions in the Special Training and Mobilization Training accounts. The Individual Ready Reserve (IRR) is the major user of the Mobilization Training account. To drastically reduce its capability to train seems to fly in the face of its soldiers' proven worth in Desert Storm. In addition, the IRR is expected to grow to 433,000 by the end of FY 92 from the 284,000 at the end of FY 90. Most of these new IRR members will be soldiers coming from the downsizing of the active Army. The Army Reserve must have the capability to continue IRR management and essential training of the Army's principle source of trained military personnel who serve as replacements or fillers for both active and Reserve component units.

It would also be prudent for the Congress to invest in a higher level of Army Reserve end strength authorization than that proposed in the President's budget in order to provide inactive duty unit positions that would absorb many of the outstanding men and women who will be forced to leave active duty because of the downsizing. Congress has the opportunity to maximize the investment we already have in these soldiers while strengthening the capability of our units. Our recommendation to this subcommittee is to restore the reduction of 36,000 Selected Reserve end strength, thus maintaining the FY 91 authorized level a least thru FY 92. This action would allow a more detailed evaluation of the effects of the redeployment and demobilization of Reservists and the Army build-down.

We also urge the Congress to repeal the AGR provision in Public Law 101–510. The value of the AGR program has proven itself with the increased readiness level of the Army Reserve. The Army Reserve suffers from the lowest percentage of full-time support of any service, and AGR support should be increased, not decreased. We recommend that the Congress increase the authorization for full-time support to allow the Army Reserve to access some of the outstanding soldiers transitioning from active duty.

It should also be noted that requiring the active Army to replace the AGR soldier with active component personnel exacerbates the already steep manpower reduction. We need active component support of the Army Reserve in addition to our existing AGR soldiers, not in lieu of them. Because of the constant learning curve involved in the assignment of active component soldiers, simple replacement will inevitably decrease effective support, and Army Reserve readiness will suffer.

With the outstanding support of the Congress, Army Reserve equipment on hand has been relatively good. The drawdown of the Army and redistribution of equipment will also improve the situation in the future. We remain concerned, however, that some equipment does not exist in the active Army or is not being procured and that the shortfall will thus continue in the Army Reserve.

AIR FORCE RESERVE

Despite the outstanding performance of the Air Force Reserve (AFR) in support of Operation Desert Shield/Storm, the AFR budget proposes serious force structure reductions in FY 92. More than 4,000 drill spaces and 100 technician positions would be eliminated if the AFR budget is approved as submitted. Reductions proposed solely for budgetary reasons save only $27.4 million dollars, but impact significantly on the AFR's capability.

Notwithstanding the significant savings made when force structure is transferred to the Reserve components, the Air Force continues to propose additional so called "fair share," across-the-board cuts to the Air Force Reserve and active force structures and appropriations. At a Congressional hearing in March, a senior Air Force witness testified, ". . . future reductions need to be balanced between total force components, thus avoiding automatic Reserve component buildups at the expense of the active component."

Last year, the Congress clearly instructed the Department of Defense not to reduce the Guard and Reserve force structures in the FY 92 budget solely for budgetary considerations. This guidance was ignored, and DOD and service witnesses have presented conflicting rationales for the reductions during their testimony this spring. We are convinced that in almost every case they are solely budget driven, and not the result of changes in strategy.

Included in the AFR cuts are 1,700 Individual Mobilization Augmentee positions, all of which have been justified on the basis of wartime requirements. Other structure includes an HC–130H at Portland IAP and a C–5A at Kelly AFB, as well as, manning level reductions in various civil engineering and aerial port squadrons. Ironically, civil engineering and aerial port personnel played a crucial role in the Desert Shield/Storm mobilization.

Another force structure reduction is advanced as a management initiative; this is the proposal to eliminate the AFR Numbered Air Forces. ROA opposes this restructuring of AFR command and control. The current structure has been held up as a model for other Reserve components. Consolidating these functions at Air Force Reserve Headquarters will result in an unwieldy organization that will not serve the operational unit as well as the current system. We ask the committee to also restore the Numbered Air Force structure in the FY 92 budget. The cost for this restoral is only $2.7 million in O&M funds and $3.9 million in RPA.

All of the requested restorations will require a total addback of 4,287 drill spaces, 205 civilian (technician) positions, $25.5 in RPA (FC 3700), $6.6 in O&M (FC 3740), and $1.9 million for Spares/Age (FC 3010).

Operation Desert Shield/Storm proved that modern equipment is a key ingredient of the AFR's formula for outstanding operational capability. Along with realistic training of its superior personnel, and a management system run by Reservists, the AFR has long been the model for a Reserve component force equal to any task assigned. It is essential that this formula be continued as the Total Force is reconfigured in the next five years.

ROA asks the subcommittee to complete the conversion of the 914th Tactical Airlift Group at Niagara Falls, NY to C–130H aircraft with the addition of four new aircraft in FY 92. This unit performed with distinction in Operation Desert Storm, and requires these four aircraft to add to the four funded in FY 91 for a full complement of "H" models.

Another unit that was activated in the call-up was the 919th Special Operations Group at Eglin AFB, FL. The 919th is equipped with AC–130A gunships that are sorely in need of replacement. We urge the subcommittee to add FY 92 funds to begin the conversion to new AC–130H aircraft, so that this unit may continue to provide a credible combat capability to the Special Operations Command.

Other unbudgeted equipment requirements of the AFR are a C–130 simulator, phased improvements of F–16 aircraft, MH–60G helicopter improvements, and $34 million in miscellaneous items. The total for all requested equipment add-ons is $338.4 million.

Combat capability depends as much upon Reserve personnel, full-time support personnel, and Operations and Maintenance (O&M) accounts as upon modern equipment and facilities. ROA asks the subcommittee to support the amounts needed to restore the proposed force structure reductions.

NAVAL RESERVE

The Reserve Officers Association shares the view of the Chief of Naval Operations that "to meet the demands of our national security strategy, we need naval forces that possess a wide range of capabilities." We also agree with Admiral Kelso when he states that, "In addition to highly capable active forces, we will also need trained and qualified Reserve forces to buttress active units in times of war or national emergency."

However, we are very concerned that the FY 92 budget request indicates that the role of the Naval Reserve in any contingency short of war or national emergency is being abandoned as are several mission areas that currently exist in the Naval Reserve.

The euphoria over the decline of the military threat from the Soviet Union has led planners to the unrealistic assumption that we will be able to "reconstitute" the trained force necessary to bring our remaining force structure from sources other than a trained and ready Reserve. Certainly our success in Operations Desert Shield/Storm should have taught us that the only prudent course of action is to ensure that we are prepared to fight whatever threat might develop with a trained and ready Total Force.

We are concerned about the future effect on the Naval Reserve of many of the budget proposals being considered by this committee. For example, two areas that were restored to the Naval Reserve by Congress last year (parity in size between active and Reserve P–3 squadrons and manpower and funds to operate Naval Air Station, South Weymouth and Naval Air Facility, Detroit) are not supported by this budget request.

In addition, the Administration has proposed a reduction of 18,800 in Naval Reserve end strength for FY 92 with an additional cut of 7,000 planned for FY 93. The failure to include those programs restored in FY 91, combined with the proposed reductions in FY 92, results in an effective reduction of almost 20,000—a slash of over 13 percent in Naval Reserve strength for FY 92 alone.

SHIP AND SQUADRON AUGMENT PROGRAM

The major impact of this proposed personnel cut will be on the ability of the Naval Reserve to provide qualified personnel to active force ships and squadrons when these units are required to operate at a wartime tempo for any sustained period of time. The Navy operates fleet units at personnel levels that are consciously planned at the lower manpower requirements which are derived for peacetime tempos of operation. Real world constraints, including lower than anticipated budgets and personnel requirements that develop after the budget request has been approved within the Department of the Navy, force operation of units at even lower personnel strength than planned.

If the planned deletion of almost 13,000 Reservists in the Naval Reserve ship and squadron augment units occurs, the Navy would have no source of readily available military manpower other than different active force or Naval Reserve units. Certainly, reconstitution of these forces during a theoretical two-year warning period, as envisioned by some, is not a viable alternative. Using either other active force or Naval Reserve units as the source of the needed personnel will destroy the unit integrity and readiness of the unit providing the personnel and thereby diminish the overall force level available to the Navy.

Therefore, the request to disestablish Naval Reserve ship and squadron augment units should be denied, except for those Naval Reserve augment units that are earmarked for Navy active force units that are being deleted from the force structure.

ANTI-SUBMARINE WARFARE AIRCRAFT

The planned Naval Reserve reduction also includes several units and two complete mission capabilities. One of the units planned for disestablishment is HSL–74, a light helicopter antisubmarine warfare squadron located at NAS, South Weymouth. This squadron operates the SH–2G helicopter which is an integral part of the ASW capability of the Navy's frigates. The "logic" for the deletion of this squadron is the planned decline in the number of frigates in the Navy's inventory that will result from the transfer of all the FF–1052s to either "mothball" or NRT status associated with the new Innovative Reserve Training program.

There are two major fallacies in this logic. First, the Navy has never had sufficient helicopter assets to achieve the efficiency available from operating two helicopters from those frigates physically capable of supporting them. Second, there are no helicopters dedicated to support the eight FF–1052s slated as NRT ships, either in the performance of their training mission or to operate from these ships when they rejoin the fleet to meet contingency or wartime requirements.

In fact, ROA has learned that the aircraft are already being reassigned from this squadron to permit its disestablishment before 1 October 1991—an apparent attempt to preempt congressional action to retain this needed mission capability. ROA strongly recommends the retention of HSL–74 in the Naval Reserve and the restoration of the requisite manpower and operating funding for FY 1992.

The FY 92 budget request again does not include the Selected Reserve manpower or the operations and maintenance funds required to operate the 13 Naval Reserve Maritime Patrol Squadrons (VP) with eight P–3 aircraft each, the same as active force squadrons. This is a repeat of last year's proposal to reduce the number of aircraft in each Reserve squadron to six while operating active force squadrons with eight aircraft each. Congress reversed this proposal and restored the requisite end strength and funding. ROA recommends that these aircraft be restored for FY 1992 and that the Navy be required to provide substantive rationale for its announced plan to eliminate four Naval Reserve P–3 squadrons in FY 93.

AIRBORNE MINE COUNTERMEASURES SQUADRONS

Mine warfare, an area acknowledged to be particularly well suited to the Naval Reserve, would experience a disproportionately large reduction under the budget proposal. Both Naval Reserve Airborne Mine Countermeasures squadrons and the entire Craft of Opportunity Program (COOP) are proposed for deletion by the end of FY 92.

The elimination of these squadrons is particularly bewildering in light of the addition of more than $280 million for the procurement of 12 new MH–53 helicopters for the Naval Reserve by Congress last year. The Navy has requested rescission of these funds based on the fact that the FY 92 budget request deletes the airborne mine countermeasures program from the Naval Reserve. Therefore, ROA recommends that the Airborne Mine Countermeasures squadrons be retained in the Naval Reserve and that the MH–53 aircraft provided in the FY 91 budget be procured for the Naval Reserve.

CRAFT OF OPPORTUNITY PROGRAM (COOP)

This budget request proposes to completely eliminate the Craft of Opportunity Program (COOP). This mine countermeasures program has been structured to provide a much needed capability for harbor protection that would not exist otherwise. It appears that budget pressures are the root cause for this proposal. The rationale seems to be that providing a new platform with increased mission capability is not affordable; therefore, the entire program should be eliminated. A more logical approach is recommended by ROA, that is, to retain the existing capability in the Reserve on the basis that this low cost alternative is far superior to no capability at all and that the personnel affiliated with COOP should be retained to provide a pool of mine warfare personnel to man the Coastal Mine Hunters when they are assigned to the Naval Reserve.

RESERVE CONSTRUCTION BATTALION (SEABEE)

The proposal to eliminate one of the 17 Reserve Construction Battalions is another instance of a decision that was driven by budget constraints and not a lowering of requirements. This recommendation also has all the signs of being the result of the desire to have the Reserve component "share the hurt" by reducing the Reserve structure in the same proportion as similar active force units. Therefore, ROA recommends that all 17 Reserve Construction Battalions be retained as long as the requirement for these battalions exists.

OTHER PROPOSED REDUCTIONS

The proposed reduction of Naval Reserve Force (NRF) personnel appears to be consistent with the planned loss of NRF ships. Therefore, ROA agrees with this reduction in Selected Reserve personnel. In the same manner, we agree that ship and squadron augment units earmarked for active force units that are to be dropped from the force in FY 92 should be disestablished and that the Selected Reserve should be reduced by the appropriate number. There should also probably be some reduction in new accessions, but less than the 1,902 proposed. Some reduction in TAR personnel may also be appropriate, specifically that number associated with the loss of NRF ships. But, the shortfall of TARS needed to operate NAS South Weymouth and NAF Detroit may more than offset that reduction and thereby require a relatively small net gain in Full Time Support personnel for FY 92.

The restoral of 18,800 Naval Reserve personnel proposed to be deleted by the Administration will require the addition of $84.9 million to the Reserve Personnel Navy (RPN) appropriation and $75.8 million more in the Operations & Maintenance, Navy Reserve (O&M,NR) appropriation in FY 92. The relatively high ratio of O&M,NR to RPN funding required is the result of all the operating funds for three squadrons and all the Squadron Augment Units (SAUs) being deleted for the full year whereas most of the personnel are already half year funded in FY 92 by the budget request.

If the restoral is even as low as 13,000, all of the force structure units such as squadrons, the Seabee battalions, the COOP program, and the Squadron Augment Units should be retained. The cut would be to some of the other augment units. Therefore, the requirement for RPN funding will be reduced by only $14.4 million to $70.5 million and there would be no change to the funds needed to be added to the O&M,NR appropriations.

MARINE CORPS RESERVE

ROA agrees with General A. M. Gray, the Commandant, USMC, who observed that "Desert Storm's smooth integration of Reserve combat, combat support, and combat service support units into the active forces has proven the viability of our integrated training and exercise programs." We also agree with Maj. Gen. Hollis Davison, USMC, his Deputy Chief of Staff for Reserve Affairs, when he says, "The Marine Corps Reserve has proven itself as an indispensable element of the Total Force."

Therefore, we are puzzled when we note the proposal to reduce the Marine Corps Reserve by 3,000 in FY 92 and an additional 2,000 in FY 1993. Although there does seem to be some sense to the share of this decrease that is tied directly to Reserve structure that augments or reinforces active force units that are being disestablished, the size of the proposed reduction smacks of being another case of applying a "fair share" cut on the Reserve force to complement an active force decrement.

We are concerned that the proposed reduction in the Marine Corps Reserve is a result of ignoring the lessons learned regarding the efficiency and effectiveness of the Total Force policy when properly implemented. The Marine Corps, like the Navy, could retain a larger portion of its warfighting capability under reduced fiscal allocations if, and only if, the proportion of its Total Force in the Reserve component is increased. Therefore, ROA recommends that the requested decrease in the Marine Corps Reserve be limited to reductions that are directly related to specific requirements to augment active force units slated for disestablishment and that all other reductions be rejected.

Full restoral of the 3,000 Marine Corps Reservists proposed to be deleted will only require the addition of $13.4 million to the Reserve Personnel Marine Corps (RP,MC) appropriation and $8.8 million to the Operations and Maintenance, Marine Corps Reserve (O&M,MCR) appropriation.

Thank you for the opportunity to present the Reserve Officers Association's views on these important subjects. Your support for the men and women in uniform, both active and Reserve, is sincerely appreciated. I'll be happy to answer any questions that you might have.

STATEMENT OF REAR ADM. LESTER ROBERT SMITH, USNR (RET.), PRESIDENT, NAVAL RESERVE ASSOCIATION

Senator INOUYE. Our next witness is Rear Adm. Lester Robert Smith, Naval Reserve, retired, president of the Naval Reserve Association.

Admiral, welcome, sir.

Admiral SMITH. Thank you, Mr. Chairman. We appreciate the opportunity to present the Naval Reserve Association's views for your consideration, and I ask that the prepared statement be included in the record.

Senator INOUYE. It will be made part of the record, sir.

Admiral SMITH. Thank you, sir.

In the prepared statement, I have tried to present the issues that the 25,000 officer members of the Naval Reserve Association view as critical in the consideration of the fiscal year 1992 defense budget.

In the fiscal year 1992–93 defense budget submission, the Navy is subjected to substantial reductions in their ships, programs, and personnel, as are the other military services. Rather than compensating for decreasing active forces by augmenting the Naval Reserve, the Naval Reserve in fiscal year 1992 is programmed for substantially larger cuts than the active Navy force.

SOVIET THREAT

At a recent unclassified Navy intelligence briefing, it was emphasized that the Soviet navy shipbuilding and modernization program continues at a brisk rate, substantially unabated by world events, fiscal constraints, and Soviet internal political turmoil. Soviet new ship starts and commissionings last year were greater than any year since 1982.

In almost every category, especially submarines, the new vessels' capability exceeds their predecessors by as much as a factor of five. The new submarines are quieter and have much more offensive and defensive capability. To substantially reduce our ASW forces, particularly the P–3 long-range maritime patrol forces, is a questionable strategy at best, especially in the face of a continued Soviet submarine threat of increasing capability.

Operation Desert Storm has recently validated the readiness, capability, and worth of the Naval Reserve. Even today a substantial number of the recalled naval reservists remain on active duty and more may be scheduled for recall. The Naval Reserve Association believes a cost-effective, well-equipped, and combat-ready Naval Reserve will be even more important in the turbulent years ahead as the defense resources continue to diminish. NRA certainly endorses a recent statement of a congressional committee that it makes sense to put more, not less, force structure in the Reserve components.

FORCE STRUCTURE CUTS

My prepared statement identifies certain Naval Reserve force structure and Selected Reserve personnel cuts scheduled for fiscal year 1992. With the possible exception of some ship augmentation units for U.S. Navy ships that are going out of service, the force structure cuts appear to be solely fiscally driven.

The two minesweeping helicopter squadrons, the SH–2 ASW helicopter squadron, the COOP Program, the aviation squadron augmentation units, and the construction battalions are all essential, cost-effective programs manned by highly skilled Naval Reserve personnel.

Most are high-priority missions for which the Reserve forces are uniquely suited. But all of those programs have been eliminated in the fiscal year 1992 budget request. In light of the recent Desert Storm experiences, it seems particularly untimely to be eliminating mine countermeasures forces, construction battalions, and aviation augmentation units for the Active Navy squadrons.

The reduction of 18,800 Selected Reserve personnel in fiscal year 1992 exceeds the active Navy personnel cuts in numbers and is four times the percentage cut taken by the Active force. It appears only another moratorium on the Naval Reserve SELRES personnel cuts will prevent a precipitous and perhaps irrevocable loss of highly skilled trained naval reservists.

In addition to the proposed Naval Reserve force structure and personnel cuts, my prepared statement addresses the following key issues affecting the Naval Reserve force combat readiness and capability: military construction base closures, antisubmarine warfare capabilities, airlift support aircraft, Reserve air wings, mine warfare resources, and additional equipment items requested for the Naval Reserve and Reserve.

NRA accepts that, with lessening superpower tensions and burgeoning national deficits, there must and there will be military base closings and consolidations. However, the special sensitivity of Reserve component basing stability cannot be overemphasized.

WHIDBEY NAVAL AIR STATION

The proposed closure of the Naval Air Station at Whidbey Island, WA, can have severe consequences on the Naval Reserve. The closure will essentially deprive our Nation of accessibility to the substantial number of veteran trained and skilled Naval Air Reservists who live in the Pacific Northwest.

The closest remaining Naval Air base will be NAS Alameda, CA, which will be almost 1,000 miles from the Seattle area. While the active Navy squadrons can be moved to Naval Air Station Lemore, CA, or elsewhere, the Naval Reserve squadrons do not enjoy such mobility. They need to be located in the areas of the trained reservists.

The critical importance of retaining the two helicopter minesweeping squadrons in fiscal year 1992 and beyond and reequipping them with 12 MH–53 helicopters provided by Congress in fiscal year 1991, is fully covered in my prepared statement.

It is almost unbelievable that this force would be eliminated after the experience of the U.S.S. *Tripoli* and U.S.S. *Princeton* during Desert Storm. This showed the need for more, not less, mine countermeasures capability.

It is my understanding that your committee disapproved the recent request of Secretary Cheney to rescind the fiscal year 1992 procurement funding for the 12 MH–53E helicopters for the two Naval Reserve minesweeping squadrons. It would be most helpful if this committee could direct the Navy to reinstate these two Reserve squadrons in fiscal year 1992 to ensure that the Department of Defense does not once again hold up procurement based upon their planned deactivation of squadrons in fiscal year 1992.

ANTISUBMARINE WARFARE HIGH-PRIORITY MISSION

Recent evaluations of the growing Soviet and Third World submarine threat brought about by the continuing Soviet submarine modernization program confirms that antisubmarine warfare must remain a high-priority mission for our Navy. ASW is a mission for which the Naval Reserve forces have a proven track record of excellence, and their long-term crew integrity provides a uniquely competent and cost-effective force.

Retention of the helicopter ASW squadron force, the P–3 maritime patrol force, and their respective upgrade programs, as well as the frigate upgrades, are essential to the maintenance of an effective ASW capability for our Nation.

My prepared statement details the C–130, C–9, C–20 airlift aircraft requirements for the Naval Reserve, as well as the S–3B and F–14D remanufactured aircraft requirements for the Naval Reserve force carrier air wings. Other high-priority Naval Reserve programs include: the additional mine warfare programs, trainers and simulators, and aircraft upgrades that were not adequately addressed in the fiscal year 1992–93 budget submission. These are contained in the prepared statement.

It is no exaggeration to state that without the continued concern and support of Congress, the Naval Reserve would be substantially smaller and far less effective a force than it is today. We ask your continued support to assure our Nation will retain a well-equipped, trained, and ready Naval Reserve as a cost-effective component of our total force.

Thank you.

Senator INOUYE. Thank you very much, Admiral.

Notwithstanding glasnost and perestroika, most of us in this committee are not only aware, but concerned, about the modernization of the Soviet fleet, especially in the Pacific. It is much more lethal today than it was 10 years ago or 5 years ago.

We are also concerned about its buildup of the strategic forces. For example, as you have pointed out, while we will be building 1 submarine next year, they will be building 10. So there must be something besides glasnost and perestroika on their agenda.

We will do our best to maintain, as you have suggested, a strong Naval Reserve. But this committee is concerned about the active forces as well. We are especially concerned about naval aviation. They are at a very critical point at this time, and this 600-ship fleet is now just a dream at best. It is going to go down to about 450 now. So it is going to be a tough time for all of you people and for all of us.

We will do our best, sir.

Admiral SMITH. Thank you, Mr. Chairman.

Senator INOUYE. Thank you, Admiral.

[The statement follows:]

STATEMENT OF REAR ADM. LESTER ROBERT SMITH, USNR (RET.)

Mr. Chairman, distinguished members of the Committee, it is a privilege to have this opportunity to present the views of the Naval Reserve Association to the Committee for your consideration.

The Naval Reserve Association's legislative program this year addresses a Defense Budget Submission for FY '92 and FY '93 that was developed in response to a changing world of lessening superpower confrontations, a collapsing Warsaw Pact, a reunited Germany, glasnost, perestroika, and an anticipated "peace dividend."

At a recent unclassified Navy Intelligence briefing, it was emphasized that the Soviet Navy shipbuilding and modernization program continues at a brisk rate substantially unabated by world events, fiscal restraints, and Soviet internal political turmoil. Soviet new ship starts and commissionings last year were greater than any year since 1982 and in almost every category, especially submarines, the new vessel's capability exceeds their predecessors by as much as a factor of five.

The U.S. Navy will reduce the number of battle force ships from 545 to 464 by FY '93 including a reduction of carrier battle groups and their carrier air wings from 13 to 11, and active personnel from 569,721 in FY '91 to 536,000 in FY '93. Nearly 50 Navy programs were terminated in FY '92/'93, the largest number of program cuts in recent years. Naval Aviation has had almost all its new aircraft programs canceled.

Rather than compensating for decreased active forces by augmenting the Naval Reserve as Congress strongly recommended last year, the Naval Reserve in FY '92 is programmed for proportionately larger cuts than the active force. Hopefully, this policy will once again be changed or tempered by Congress, but this year with the Defense budget cap, the infighting over shares of greatly reduced resources is more intense than in past years.

Operation Desert Shield/Storm has certainly validated the readiness, capabilities and worth of the Naval Reserve. Stories of the outstanding accomplishments and selfless sacrifices of our Naval Reservists continue to emanate from their gaining commands. The Naval Reserve Association believes a well equipped and combat ready Naval Reserve will be even more important in the turbulent years ahead.

The Naval Reserve Association will address the following key issues affecting the Naval Reserve Force combat readiness and capability:

—Force Structure
—Naval Reserve Manpower
—Military Construction/Base Closures
—Anti Submarine Warfare: LAMPS MK-I Helicopter Programs, LAMPS MK-I SH-2G Upgrade Program, Frigate Upgrade Programs, P-3 Maritime Patrol Squadrons, and AN/AQA-7B(V) 18/19 (IPADS) ASW Upgrade.
—Airlift Support Aircraft: C-130 Aircraft, C-9 (MD87) Aircraft, and C-20 Aircraft.
—Reserve Carrier Air Wings: S-3B Aircraft, and F-14D Remanufactured Aircraft.
—Mine Warfare: Harbor Mine Hunters (HMH) and COOP, HM Squadrons, and MIUW Equipment.
—Additional Requested National Guard and Reserve Equipment Items

FORCE STRUCTURE

The FY '92 Defense Budget request reflects the elimination of valuable Naval reserve programs such as: Two Aerial Minesweeping Squadrons (HM-18, HM-19); 1 LAMPS MK-I SH-2 ASW Helicopter Squadron (HSL-74); Craft of Opportunity Program [COOP]; All Aviation Squadron Augmentation Units (except S-3 units); Ship Augmentation Units (for USN Ships going out of service); 4 FF-1052 Frigates; and 1 Construction Battalion, for a reduction of 18,800 SELRES personnel in FY '92. In FY '93 an additional cut of 7,000 SELRES personnel includes the deletion of 4 P-3 VP ASW maritime patrol squadrons. The major individual program cuts will be addressed in detail later in this testimony.

***Recommendation.*—It is strongly recommended that the squadron augmentation units be retained in FY '92 and beyond. It is further recommended that the present Naval Reserve Force structure (except ship reinforcing units for USN ships leaving the fleet) be retained in FY '92 and until the post Desert Shield/Storm Total Force structure is reexamined.**

NAVAL RESERVE MANPOWER

The 18,800 personnel reduction planned in FY '92 is broken down as follows: 12,819 Reduction in Squadron augmentation units, and ship reinforcing units; 703 Construction Battalion personnel (1 Battalion); 1,148 Ship changes (SELRES Crews and Augment units); 572 HM and HSL helicopter squadron deletions; 1,902 Sea Air Mariner (SAM) decrease in direct accessions; 952 TAR, direct support personnel; and 677 COOP program termination, and miscellaneous.

Recommendation.—It is strongly recommended that Naval Selected Reserve personnel strength be maintained at the FY '91 level of 153,400 for FY '92 pending the examination of Total Force requirements after Desert Storm.

MILITARY CONSTRUCTION

The FY '92 Military Construction Naval Reserve (MCNR) DOD budget request of $20.9 million and the FY '93 budget request of $26.4 million are allocated to high priority construction projects that are essential to the continued modernization and viability of the Naval Reserve. These requests are extremely modest indeed, particularly in view of the over one billion dollar back-log of essential Naval Reserve construction and rehabilitation projects that continues to grow as the bow-wave of deficiencies extends for year to year. The requested amount for FY '92 is only one-fourth that of a year ago, and FY '91 certainly did not see a construction boom of Naval Reserve Projects.

Recommendation.—The addition in FY '92 of $25.3 million in MCNR funds for additional high priority construction/installation projects, and that the special sensitivity of reserve component basing stability be considered in based closure decisions.

BASE CLOSURES

Base closures are of critical concern to the Naval Reserve, and all the reserve components, because reservists are basically geographically anchored in a particular area and are not fungible as may be career military personnel who can transfer across country with the movement of their units. The Naval Reserve Association is most appreciative of the support given by Congress in preventing the premature closure in FY '91 of two critical Naval Reserve installations: Naval Air Station South Weymouth and Naval Air Facility Detroit.

NRA accepts that with lessening superpower tensions and a burgeoning national deficit, there must and will be military base closings and consolidations. However, the special sensitivity of reserve component basing stability cannot be overemphasized.

The recently announced Department of Defense base closure recommendations include several Naval Bases that host major Naval Reserve units. While all these proposed closures such as: Naval Stations Long Beach, CA; Philadelphia, PA; Puget Sound (Sand Point); and Naval Air Station Moffett Field will disrupt and degrade Naval Reserve readiness and manning; the proposed closure of Naval Air Station Whidbey Island, WA will have calamitous consequences for the Naval Air Reserve. This closure will essentially deprive our nation of accessibility to the substantial number of veteran trained and skilled Naval Air Reservists who live in the Pacific Northwest. The closest remaining Naval Air base, NAS Alameda, CA, will be almost 1,000 miles from the Seattle area. While the active Navy squadrons can be moved to Naval Air Station Lemore, CA or elsewhere, the Naval Reserve squadrons do not enjoy such mobility.

The Reserve Squadrons (VP–691 VR–61, VAQ–309 and VMAQ–4) on board NAS Whidbey are currently well manned and high in their readiness levels. If moved, many, if not most, of these talented Selected Reservists would be lost from these Reserve Squadrons if NAS Whidbey Island is closed.

Recommendation.—It is recommended that the Navy/Marine Corps Air Reserve units remain at their present site on Whidbey Island, WA irrespective of the disposition of the active forces at Naval Air Station Whidbey Island.

ANTISUBMARINE WARFARE

While antisubmarine warfare may have slipped slightly from the number one priority of the U.S. Navy that it has held for several years, recent evaluations of the growing Soviet submarine threat brought about by a continuing aggressive modernization program, confirm that ASW remains a necessary high priority mission. ASW is a mission for which the Naval Reserve forces has a proven track record of excellence, and their long term crew integrity provides a uniquely competent cost effective force for this mission.

LAMPS MARK I HELICOPTER PROGRAMS

The FY '92 Budget implements the previously planned deletion of one Naval Reserve LAMPS MK I ASW helicopter squadron, HSL–74 based at NAS South Weymouth, MA. This unit cut originated when NAS South Weymouth was on the base closure list, and all the Naval Reserve FF–1052 frigates were going away. Both of these actions have been reversed, i.e. NAS South Weymouth remains and 8 FFT–1052s needing LAMPS MK I helicopters remain in the Naval Reserve force. The U.S. Navy and our nation cannot afford the loss of this trained and ready ASW squadron that is an essential part with the frigates of the Sea-Air LAMPs MK I ASW team. Without HSL–74, the 8 FFT–1052 frigates will have no assigned LAMPS MK I helicopters, and the 16 Naval Reserve Force FFG–7 frigates now only have 1 of 2 required helicopters assigned per ship. HSL–74's proximity to the Naval Station Newport, RI, based NRF frigates has greatly enhanced that force's training opportunities.

Recommendation.—It is recommended that HSL–74 be funded in FY '92 and continued as an essential component of the Naval Reserve Force.

LAMPS MK–I SH–2G UPGRADE PROGRAM

Since fiscal year 1987, Congress has annually authorized and appropriated funds to transform SH–2s from a "F" to "G" configuration. With the incorporation of T–700 engines, an on-board acoustic processor, a data link, and the 1553B data bus, the SH–2G met a Congressionally mandated Navy study that sought the best ASW solution for the small deck helicopter-ship weapon system that would not accommodate LAMPS MK. III SH–60B assets. The Reserve requirement has been increased over the Navy's 1991 guidance due to the addition of eight FFT–1052's in the fiscal year 1992 budget request. Hence, eight SH–2s would need to be added to the Reserve Equipment package to cover this FFT–1052 requirement. SH–2s have not been addressed for the FFG–7s, either for the two ships mentioned above, or to meet the issue of 2 SH–2Gs per deck.

Recommendation.—An incremental request for six (6) SH–2G kits is submitted for fiscal year 1992 at a cost of $52.2. million plus $7.8 million for mission recorders for a total of $60 million.

FRIGATE ASW COMBAT SYSTEMS UPGRADE (FFT–102, FFG–7)

The subject program has been developed by the Naval Sea Systems Command (NAVSEA) to provide a low-cost, effective ASW upgrade for Naval Reserve and short of the force structure that recent studies have validated.

The Congressional mandated FY '96 limitation on P–3B operations was based on the planned introduction of the P–7 into the active force, and as an inducement for the Navy to transfer modern P–3Cs, to the Naval Reserve. With the P–7 canceled and no P–3C replacement aircraft program probable in the near term, extension of the P–3Bs becomes an imperative if an adequate MPA force structure is to be maintained.

Recommendation.—It is recommended that the Naval Reserve Force be maintained at 13 squadrons, and that the P–3B FY '96 operational limit be deleted.

AN/AQA–7B(V) 18/19 (IPADS) P–3 ASW PROCESSOR AND DISPLAY UPGRADE

The Improved Processing and Display AN/AQA–7BV) 18/19 Upgrade System (IPADS) has been under development for the Navy for several years to give P–3Bs the equivalent acoustic processing capabilities of the P–3C Update III aircraft. Operational testing is almost complete and the performance of the AQA–7B(V) 18/19 (IPADS) equipment during the final NTE flights demonstrated the capability to effectively augment the P–3C Update III fleet and meet the future submarine threats. This system is applicable to the 92 P–3B, and 109 P–3Cs (non-Update IIIs) now in the inventory.

Recommendation.—It is recommended that $59.7 million in FY '92 NG&RE funds be provided to complete development, and supply 16 aircraft units.

AIRLIFT SUPPORT AIRCRAFT

C–130T aircraft and support equipment

Based on CINC's requirements and a 1986 Center for Naval Analysis (CNA) Organic Airlift Study, the Navy has a wartime requirement for a total of twenty-nine (29) C–130 type aircraft for medium/heavy lift capability of pallets and oversize items. Currently, the Navy Air Logistics Office (NALO) rejects approximately 20%

of all requests due to lack of available assets. Since 1983, the transport of passengers and cargo has increased 320% and 445% respectively.

The C–130 is uniquely suited to handle the increase in cargo. Wartime logistic requirements greatly exceed peacetime requirements, as evident in Operation Desert Shield/Storm. The Naval Reserve has had to activate four (4) C–9 squadrons in support of logistics requirements for Desert Shield/Storm.

Recommendation.—For fiscal year 1992, it is requested that two (2) C–130T aircraft and support equipment be authorized and funded at a total cost of $68.0 million.

C–9 (MD–87) aircraft and support equipment

The Naval Reserve operates twenty-seven (27) C–9 (DC–9–32) transport aircraft supporting the Navy worldwide. These aircraft provide logistic support between the West Coast and Hawaii and other foreign locations when required as well as active Navy and Naval Reserve support in CONUS. The Center for Naval Analysis airlift study validated wartime dedicated intra-theatre medium lift requirements for approximately fifty (50) C–9 type aircraft. Four (4) Naval Reserve C–9 Squadrons have been activated and are supporting Operation Desert Storm in the Persian Gulf and the Mediterranean.

Many of the current aircraft were purchased new from Douglas Aircraft in 1973, and additional (used) aircraft were purchased as recently as 1990. It is clear that utilization and demand, together with material condition and cost of operation, points to new, additional, and replacement aircraft.

Recommendation.—That NG&RE funding be provided to purchase two (2) MD–87 versions of the C–9 at a cost of $66.0 million.

C–20F aircraft and support equipment

The U.S. Naval Reserve formerly operated C–131H aircraft at Fleet Logistics Support Squadron 46 (VR–48) at Naval Air Facility, Andrews Air Force Base, MD. The last remaining aircraft was retired in August 1990. VR–48 currently has no aircraft assigned to it. In FY '91 Congress provided appropriations through the NG&RE account for the purchase of the first of three cargo door-equipped C–20F Gulfstreams as replacement aircraft for the three obsolete C–131s originally assigned to VR–48.

The replacement C–20s will be based with Fleet Logistics Support Squadron 48 (VR–48) at the Naval Air Facility, Andrews AFB and will be co-located with existing U.S. Navy, Air Force, and Army C–20 aircraft for economies of operation and use of an existing support structure. The one-for-one replacement of the three Naval Reserve C–131H aircraft with the cargo door-equipped Gulfstream C–20F aircraft in the National Guard and Reserve Equipment account is consistent with Congressional guidance, would address a pressing requirement, and will initiate the program to fill the 31 medium-lift aircraft shortfall.

Recommendation.—Recommended $65.8 million be provided in the Fiscal Year 1992 budget for the acquisition of the two remaining C–20F aircraft for VR–48.

RESERVE CARRIER AIRWINGS

S–3B ASW upgrades

The two (2) Naval Air Reserve carrier air wings, CVWR–20 and CVWR–30 lack S–3 ASW squadrons to complete their wing complement and mirror their active Navy counterpart wings. The fleet S–3 aircraft are being upgraded from the S–3A to the S–3B configuration providing much improved capability and performance.

With the planned reduction in active Navy airwings from 13 to 11 and the planned reduction of one S–3 training squadron, there should be excess S–3A aircraft available to be converted to S–3Bs and assignment to the Naval Reserve Force.

FY '92 estimated unit costs for the S–3B modification kits is $5 million each unit for the 18 aircraft needed for both carrier wings.

Recommendation.—It is requested that $30 million be provided for the initial increment of six (6) S–3B Upgrade kits.

F–14D remanufactured aircraft

The viability of rapid reserve mobilization requires the continuous modernization of the F–14 Fighter Squadrons In the Selected Reserve apace with the modernization of the active Naval fighter squadrons. Modernized fleet-compatible F–14 aircraft flown and maintained by Selected Reserve crews, qualified according to fleet standards, ensure the mobilization readiness and deployability of the Naval Air Reserve F–14 squadrons.

Recommendation.—That $234 million in NG&RE funds be provided in the FY '92 defense budget to purchase six (6) remanufactured F–14DS to initiate the modernization of the four (4) Naval Air Reserve F–14A squadrons.

MINE WARFARE

Harbor mine hunter (HMH)/COOP harbor mine hunter

The U.S. Navy has an urgent need for mine countermeasures vessels that can perform the mine detection, classification, and neutralization mission in the shallow waters of harbors and adjacent coastal waterways. The existing MCM Avenger class and the MHC Osprey class ships are deep water platforms. Although the MHC is classified as a coastal minehunter, it is not suitable for shallow waters because of its draft, its combat suite, and the fact it has no inherent minesweeping capability. Furthermore, neither the MCM nor the MHC can effectively support a Marine amphibious landing where shallow water mines could present significant hazards to a successful landing.

To meet this threat the Navy needs to acquire a small, low cost, shallow draft vessel, complete with off-the-shelf, state-of-the-art mine countermeasures equipment. This would include a forward-looking, hull-mounted sonar capable of bottom surveying and mine detection to perform the coastal and harbor mine countermeasures mission. These vessels would be crewed with Selected Reservists whose accumulated knowledge of the harbor complex and expertise on the local waters would provide a stable, high level of mission readiness. The present Naval Reserve COOP program, highlighted below, should be retained with its present assets for transition to the proposed Harbor Mine Hunter (HMH) when it becomes available.

Recommendation.—It is recommended that a $50 million program be initiated for the Fiscal Year 1992 National Guard and Reserve account to acquire the first three ships in the Harbor Mine Hunter (HMH) Class.

COOP

The missions of the Naval Reserve COOP program are: In Peacetime: Gather and maintain Q-Route data for designated ports and sea lines of communication and to attain and maintain the capability to carry out its mission in wartime. In Wartime: To provide port reconnaissance and breakout capability from U.S. ports against enemy mine threats and to locate, classify and neutralize enemy mines.

The Navy is planning to disestablish the COOP units by the end of fiscal year 1991: If this is permitted to happen, the trained cadre of 425 professionals in twenty-two (22) U.S. port detachments, not otherwise assigned MCM assets, will be lost to the Navy and the country.

The mission to protect our ports from the mine threat and our Marines from that same threat during an amphibious assault has not diminished. However, this vitally necessary and largely ignored requirement can be fully satisfied for comparatively few dollars by retaining the COOP cadre and providing its units with Harbor Mine Hunters (HMH).

Recommendation.—To retain the COOP program in fiscal year 1992 it is recommended that $6.02 million in Reserve Personnel NAVY (RPN) and $2.05 million in Operations and Maintenance, Naval Reserve (O&MNR) be provided in the FY '92 budget.

Reserve helicopter minesweeping squadrons—proposed elimination in fiscal year 1992 of the Reserve minesweeping squadrons

Two squadrons are involved: HM-18, NAS Norfolk, VA and HM-19, NAS Alameda, CA with 349 personnel each. They represent 40% of total U.S. Navy airborne mine countermeasures (AMCM) capability (2 of 5 AMCM squadrons). Total personnel involved is 230 (full time) TARs and 470 Selected Reservists in two squadrons. Each squadron has five (5) RH-53D Sikorsky Sea Stallions in its inventory plus two (2) pipeline aircraft. HN-18 (est. Oct 1986) is presently mission capable to carry out all assigned minesweeping missions (except AQS-14 or AQS-141 [no equipment]) and has never missed an annual flight hour target; HM-19 (est. June 1989) is on schedule to achieve full mission capability.

Congress authorized $336.0 million and appropriated $281.9 million in NG&RE for 12 MH-53E Sikorsky Super Stallions in FY '91 to replace the 12 Reserve RH-53D Sikorsky Sea Stallions previously transferred to the Reserves when the Regular forces procured new MH-53Es in the mid-1980s. DOD has now requested to rescind or reprogram these funds and deny the Naval Reserve these aircraft. Acquisition of the MH-53E airframe for the Reserve Helicopter Minesweeping Squadrons will make the Reserve squadrons fleet compatible, logistically sustainable and operationally integrated for the purpose of worldwide AMCM operations and maintenance.

Recommendation.—Retain both HM squadrons in the Naval Reserve and disapprove DOD rescission request and direct procurement of 12 MH-53E helicopters in NG&RE for the Navy Reserve helicopter minesweeping squadrons.

Mobile inshore undersea warfare equipment

The Desert Storm deployed Naval Reserve MIUW units and those MIUW units remaining in the United States provide shallow water ASW, swimmer and swimmer delivery vehicle detection and command, control and communication to protect coastal, port and ship channel operational areas.

The requested funds will provide thermal imaging sensors and visual imaging sensors (TIS/VIS) to the Naval Reserve MIUW units not currently deployed to Operation Desert Storm. The TIS/VIS sensors will provide enhanced detection capabilities to the MIUW units for protection of the United States and forward deployed coastal and harbor areas. The Naval Reserve has the sole MIUW capability in the Navy.

Recommendation.—To ensure that the Navy's Mobile Inshore Undersea Warfare (MIUW) units are capable of performing their small surface target detection/surveillance mission, it is recommended that $10.2 million be provided in the National Guard and Reserve Equipment account for the acquisition of thermal imaging and visual sensors.

ADDITIONAL NG&RE EQUIPMENT

In addition to the above programs, the Naval Reserve Association recommends to the Congress the addition of the following items to the FY '92 National Guard and Reserve Equipment appropriations:

[In millions of dollars]

HH-60H Self Defense Helicopter Upgrades (12)	45.0
SH-2G Self Defense Upgrades (12)	35.7
P-3B DATA LINK, SATCOM, DIGITAL MAD, & GPS Upgrades	30.2
A-6 Flight Simulator (1)	20.0
F/A-18 Simulator/Trainers (2)	20.0

STATEMENT OF LT. GEN. LA VERN E. WEBER, EXECUTIVE DIRECTOR, NATIONAL GUARD ASSOCIATION OF THE UNITED STATES

Senator INOUYE. Our next witness is the executive director of the National Guard Association of the United States, Lt. Gen. LaVern E. Weber.

General Weber, welcome, sir.

General WEBER. Sir, good morning. Mr. Chairman, I am particularly grateful to you and the committee for the opportunity to appear this morning representing our 56,000 members across the 50 States and our 4 National Guard entities.

My written statement covers several areas where the National Guard needs help. But I am here today to discuss only one main concern. That is the proposed drastic reductions in the Army National Guard strength and structure contained in the DOD budget and the extended defense program.

OBJECTIVES OF TOTAL FORCE POLICY THREATENED

We acknowledge that there probably will have to be some adjustments in guard structure in the future. We do not agree with the DOD's proposal to reduce the Guard and Reserve equally with the Active Army based on a strategy that would destroy the very basic objectives of the total force policy, a policy that has finally been proven a success in Desert Shield and Desert Storm.

We have the same conditions today that we had when the total force policy was created, with one major exception. In the early 1970's, DOD was faced with severe budget constraints, forced reduction, and at that time a need to establish a political consensus on use of the military in future conflicts. The resulting total force policy was designed to help solve all three problems, and it has done a great job in doing that.

Certainly the involvement of the Guard and Reserve in the recent Operations Desert Shield/Desert Storm has helped to solidify the support of citizens in communities throughout the Nation, for the total force is indeed the key to consensus building.

We believe the new base force strategy would take the Guard completely out of the early deployment missions, place them in deep reserve as a heavy force, and create cadre units which would only be filled by use of the draft. Even assuming such a political decision would be made after recognition of a new threat, such a strategy cannot be a valid basis for eliminating almost one-third of our Guard and Reserve structure.

We are convinced problems encountered by three Guard roundout battalions have been distorted and blown out of proportion. If called and deployed, these Guard units would have performed in the same outstanding manner as all other Guard units and similar active combat units.

The National Guard Association believes that the limiting factor in force development is availability of strategic lift, not readiness and postmobilization training. Any Guard unit can be ready for deployment within 60 days, which was the point in time when many of the early deploying forces began to arrive in Saudi Arabia.

We are also convinced that, if considered fairly and objectively, the cost effectiveness of the Guard would almost certainly result in a decision to maintain the current level of forces in the National Guard.

GUARD PEACETIME MISSION

The Guard is not only a defensive force in reserve; it is a highly capable force, with a viable, real mission in peacetime. It has been the frontrunner in providing a DOD force in counternarcotics efforts. It provides the community, the State and the Nation with disaster relief forces when needed. It provides other multiple benefits at the local level in its State role, most importantly the link between the community and the Nation.

Finally, the Guard and Reserve provide a way to retain a large number of highly qualified military members who decide to leave or are forced out of the active services.

Mr. Chairman, I know you and the committee members are very familiar with the problems we are facing with the proposed reduction of about one-third of the National Guard force. We appreciate and applaud your past support in maintaining the Guard structure until long-term decisions can be made. We are convinced you have taken the correct position. We will continue to do everything we can to support your efforts.

Mr. Chairman, on May 7 the National Guard senatorial caucus sent a letter to Mr. Cheney dealing with our concerns and the Senate's concern with the drawdown in the end strength of the reserve forces. I respectfully request that I make this letter and the signatories a part of the record.

Senator INOUYE. Without objection, so ordered.

General WEBER. This concludes my comments, sir.

Senator INOUYE. Thank you very much, General.

As you know, we do have budgetary problems. Notwithstanding that, we will do our utmost to maintain the strength of our Guard.

The Guard has served us well, not only in the last war, but all of the other wars. It is an important part of Americana, and so we will do our best.

GUARD READINESS

Having said that, as you alluded to, we have received quite a bit of criticism of the Guard from the standpoint of not being ready for combat, that it took much longer than the anticipated training period to prepare them for combat activity in the field.

Do you have any comment to make?

General WEBER. Well, I would say first that the information was indeed distorted. Those three brigades attained every level of readiness that was requested of them in the premobilization status. They were all C–2 and C–3 by the Army's standards, evaluated by the Army and reported by the Army.

What has never been said is that a part of that readiness requirement required postmobilization training of roughly 40 days, some 42 days, which as I recall was the maximum that was required. So that was no secret. That never was reported in the media or to the Congress. They attained all the requirements that were placed on them.

After mobilization the rules were changed. As the 48th Brigade got to the NTC—they were the first unit to go through the NTC in the Southwest Asia environment, and if one reads the reports that came out of that they performed superbly out there and they were indeed validated as combat-ready.

Many in the Army leadership have stated that that brigade now, notwithstanding the fact it's back in Georgia, is the most ready unit in the U.S. Army. So we have no apologies for that unit. We are only sorry that the facts were not appropriately and accurately reported.

BUDGET INPUT

Senator INOUYE. My final question: Has DOD ever called upon your association or other Reserve associations for input before formulating their plans and their budget?

General WEBER. Not on budget, sir. We were given an opportunity to appear one day with the total force policy study, to express our views to that group. But nothing dealing with the budget; no, sir.

We, incidentally, would welcome the opportunity to do that, Senator.

Senator INOUYE. I think I will suggest that to DOD and see what they say about it. It might help our Department to know the views of those who have served.

Thank you very much, General.

General WEBER. Mr. Chairman, let me in leaving tell you how much we in the Guard Association appreciate the professionalism of the staff of this committee. They are just great folks to work with and we appreciate it very much.

Thank you.

Senator INOUYE. Thank you, sir.

[The correspondence and statement follow:]

United States Senate
WASHINGTON, DC 20510-2503

May 7, 1991

The Honorable Richard B. Cheney
Secretary of Defense
Washington, D.C. 20301

Dear Mr. Secretary:

In the early 1970's, our nation was faced with severe budget constraints, reductions in our defense forces and the acknowledgement of the need for political consensus and public support for involvement in any large regional conflict. Those conditions led to development and implementation of the Total Force Policy as we know it today. Conditions today are strikingly similar to those of the early 1970s, with one exception--we have proven that we can obtain political consensus and public support for military action through use of the Total Force Policy.

We have recently seen the fruition of that policy during the call-up and deployment of National Guard and Reserve forces in Desert Shield/Desert Storm. Based on the reports of their performance, the Total Force Policy has been an outstanding success. The only controversy centered around leadership is failure to follow the planned integration of active and Guard units in rounding out active divisions. Lessons learned from the experience must lead to better integration of such units in the future.

Our concern is not related to operations in Desert Shield/Desert Storm; indeed, execution of that operation can only be applauded. Our concern centers around three aspects of the proposed DOD force structure reductions. First, the plan initiates a significant drawdown of Army National Guard and Reserve forces. Second, that reduction is at an even greater rate than reductions in the active Army. Finally, the cuts represent a continuation of the trend away from the basic philosophy of this country's founding fathers and the historical precedent of a small standing army and a reliance on the "militia."

In each of the past two years, the National Guard Caucus has urged that you maintain the National Guard and Reserve structure until the long-term needs and a cost-effective mix of the force could be determined. Also, in each of the past two years the Congress has reinstated the resources necessary to restore DOD proposed structure reductions. With the dramatic changes in Eastern Europe, the Caucus believed that the nation would need to rely even more on the Guard and Reserve as active forces were withdrawn from overseas and budget constraints led to force reductions. Desert Shield/Desert Storm has not lessened that conviction; if anything it has reaffirmed it.

The cost effectiveness and mission capability of our Guard and Reserve forces are proven facts. Although wide media coverage was given to the National Guard roundout brigades which were not deployed with their parent divisions, those brigades met their active Army readiness requirements and could have completed post-mobilization training and been ready for deployment by the time lift was available. After applying lessons learned from that recent experience, and given sufficient resources, deployment delays should not be a factor in future force structure decisions except for specific quick reacting light units.

The newly emerging defense strategy appears to relegate the National Guard to a deep reserve force planned for use only in a large land operation in Europe, for which we now anticipate a long warning period and lower likelihood of occurrence. That strategy fails to recognize the cost effectivness of the Guard, and, in effect, discards the Total Force Policy at the precise time that it has been proven successful.

Pursuing such a strategy could also seriously erode the benefits the National Guard provides in community support and concensus building for our defense efforts. Elimination of more than one third of National Guard structure, and a large number of Guard armories throughout our nation, would quickly reverse the public support generated by the call-up and successful performance of Guard and Reserve members in Desert Shield/Desert Storm. Reduction of hundreds of home town units and facilities will undoutedly have a broader and more visible negative impact than active force reductions and even the recently announced base closures.

The Caucus remains convinced that Guard and Reserve forces can be maintained in peacetime at a significantly lower cost. They can be used to retain the high quality military personnel who have been trained over the past decade, thus preserving the maximum capability at the least cost. They can easily perform the conventional missions currently identified by the active componets if given the necessary resources, particularly proper equipment, in a timely fashion. Finally, the National Guard can provide multiple benefits to the nation, including support during national emergencies and local disasters, support to law enforcement agencies in the counternarcotics effort, nation building services both at home and abroad and public support for our defense establishment during periods of competition for limited resources or military conflict.

Our founding fathers believed that there should be a system of checks and balances in a democracy. One such check was to constrain the size of the regular military force, while balancing that defense capability with an organized militia. We believe our defense planning should continue to follow that basic philosophy and we urge you to rethink the cuts that have been proposed in our reserve forces.

Sincerely,

The Members of the Senate
National Guard Caucus

Wendell Ford
Wendell H. Ford

Kit Bond
Christopher S. Bond

Robert C. Byrd

Ted Stevens

Richard Shelby

Howell Heflin

John Breaux

Alan J Dixon

Tom Daschle

Bennett Johnston

Patrick Leahy

Chris Dodd

Fritz Hollings

Strom Thurmond

Paul David Wellstone

Mitch McConnell

Barbara A Mikulski

Don Riegle

Jeff Bingaman

Terry Sanford

Steve Symms

Conrad Burns

Jack Danforth Dave Durenberger

Dennis DeConcini Tom Harkin

Jay Rockefeller Bob Kasten

Dale Bumpers Malcolm Wallop

Larry E Craig John Breaux

Jake Garn James M Jeffords

Bob Graham Kent Conrad

Claiborne Pell Alfonse D'Amato

Jim Sasser Bob Packwood

John Seymour

Brock Adams

Thad Cochran

Bill Cohen

Lloyd Bentsen

John Chafee

Trent Lott

Fritz Hollings

Don Nickles

George Mitchell

STATEMENT OF LT. GEN. LAVERNE E. WEBER (RET.)

Mr. Chairman, it is a pleasure to appear before your committee on behalf of the members of the National Guard Association of the United States (NGAUS). The men and women of the National Guard consistently have been a fundamental element of this nation's defense for over 350 years. Most recently they have served with distinction as a partner in the Total Force.

The recent successes of our armed forces in Operations Desert Shield and Desert Storm are due in great measure to the actions of this committee in providing adequate funding for defense. The Congress has demonstrated its foresight by supporting a quality, all volunteer force and its wisdom by supporting research and development of new technologies and modernization through equipment procurement. Your commitment and continuous support have brought us to this point in history.

There are many lessons to be learned from the recent military operations. Undoubtedly, adjustments and improvements in existing policies and practices should take place. But, at the same time, these lessons learned point out a number of successes, notably the viability of the Total Force Policy. Aspects of the Total Force worked better than ever expected, to include mobilization and deployment of the National Guard.

Our main concern today is the proposed significant reduction in National Guard strength over the next several years. Based on continuing instability throughout the world and the recent Persian Gulf crisis, we believe drastic force reductions in the National Guard are premature and ill-advised.

THE TOTAL FORCE

The last major change in national strategy resulted in the Total Force Policy. The driving forces for that change were similar to those we face today—severe budget constraints, a force reduction, and the need for political consensus on military spending and action. The Total Force Policy was designed to provide a cost-effective sustaining force and to secure political and public support for any major military action largely through integrating the National Guard and Reserve into the active force.

The deterrent force provided by the Total Force Policy brought about the end of the Cold War. That same force has demonstrated unprecedented military capability throughout Operation Desert Shield/Desert Storm. The makeup of the force deployed to the Persian Gulf touched thousands of communities all over America. The National Guard is a demonstrated link with middle America and a link between the community and the military. We believe this community involvement has cemented and sustained public support for the Persian Gulf operations.

Continued reliance on the National Guard and its proven capabilities is a cost-effective and efficient method of achieving the best defense for the dollars available. National Guard units consistently provide a cost savings. The savings realized may be as high as 75 percent for certain ground units. Even units with a high level of full-time support and high operating tempo usually provide about a 20 percent saving. Historically the United States has preferred a small standing army and a large militia. Throughout our nation's existence, that has proven to be a sound policy.

THE FUTURE

This Association considers the restructuring of our defense force structure the most important issue confronting the National Guard in the 1990s. The results of decisions made on force structure and resourcing will shape the future of the Guard well into the next century.

As Secretary Cheney and General Powell have stated during their testimony on the FY 1992–93 Defense budget, recent events confirm that the world is still a dangerous place and there are many ready to challenge the principles of freedom, democracy and national sovereignty. A strong defense remains a necessity. The budget agreements of 1990 established parameters on defense expenditures for the next two fiscal years. Congress is only looking at a budget for those two years. However, the Department of Defense continues to program significant cuts throughout the six year program. It is incumbent on all of us to develop the most cost-effective defense formula for long-term force mix and resourcing.

The major new defense strategy being discussed by the Department of Defense is known as the "Base Force" strategy. The revised threat is nearly as substantial as before but is less defined. The proposed strategy recognizes the shift from a major East-West confrontation to regional contingencies. This Base Force is explained with four illustrative packages—strategic forces, Atlantic forces, Pacific forces and contingency forces, which are supported by four resource packages—transportation, space, reconstitution and research and development.

The Base Force strategy has generated serious concerns in the National Guard community. Without a doubt, a strategic force is critical as long as the Soviet Union maintains its current strategic capability and emerging nations are developing nuclear capabilities. Atlantic, Pacific and contingency forces are also obviously required. Our concerns target on three apparent outcomes of the strategy: (1) the National Guard will be relegated to a mission primarily in support of action in Europe, (2) the Army National Guard will be made a heavy force, and (3) reconstitution will be a mainstay in developing the required forces. The proposed strategy destroys the successful balance achieved under the Total Force Policy and negates the progress made over the last 20 years.

In our view, the strategy ignores the capability and contribution of the National Guard and Reserve. For example, in the seven mission areas identified by the Army for the future all missions have been performed successfully by the National Guard, except they have never been called to evacuate and protect citizens OCONUS. However, the Guard routinely evacuates and protects citizens in natural disasters and civil emergencies.

In the case of the Air National Guard, they are well integrated into the Air Force now. Currently the Air Force relies on the Air National Guard to perform a portion of the day-to-day operational missions. The proposed strategy, applied as written, brings continuation of that relationship into question.

Many of the units that were identified for inactivation prior to Desert Shield/Desert Storm are the very same units that were called-up and deployed early in the conflict. Given this fact, it is clear that it is premature to inactivate large portions of the structure until the threat has been more clearly defined.

With the existing end strength targets for the active force, sustaining the necessary combat elements for a rapid deployment contingency force, while simultaneously providing an adequate rotation base for a forward deployed presence, leaves very limited resources to provide all the necessary combat support and combat service support elements. A self-contained, exclusively active component contingency force may seem to be ideal, but depending on its size it may also be impractical. Assigning a slice of combat, combat support and combat service support requirements to the National Guard and Reserve continues to be the most cost-effective approach to national defense.

Making the Guard a predominantly heavy force also causes concerns. Transportation of a sizable force proved to be an inhibitor during Desert Shield. The heavier the force, the more difficult it is to transport in a timely fashion. However, pre-positioning of large stocks of equipment may not avert this problem. It could lead to limited flexibility in responding to a contingency other than in the region where the stocks are located. We are not in an economic environment that can support fully resourcing and modernizing units at home and providing and maintaining large prepositioned equipment stocks throughout the world.

Finally, we are concerned about the Base Force strategy reconstitution package. The strategy counts on the underlying capability to rebuild our forces in the future when we recognize that the Base Force is not adequate to meet an increased threat. The strategy identifies as elements of reconstitution the reserve components, cadre structure and defense industry. It implies that the reconstitution will be rapid, but leaves the period from decision to trained forces on the ground undefined.

From our perspective, reconstitution would involve identifying a threat a minimum of 18 months before it became critical and taking the necessary actions to resource the buildup. Historically, this nation has not heeded warnings of impending military threats and responded decisively. We believe that even with the proposed cadre structure, conscription would be essential in order to reconstitute the size force being proposed. A decision to initiate a draft, particularly based on early indications of an increased threat, is fraught with unpredictable, and probably unacceptable, political consequences. With a large Guard and Reserve force in being, intelligence gathering and diplomatic actions could proceed without jeopardy.

A SERVICE MULTIPLIER

In order to convince the American public to support a force of appropriate size and capability, it will be necessary to create the most efficient force at the least possible cost. Peacetime missions will certainly be a measure of value for investment. Because of the multiple benefits National Guard forces can provide, they are the best value for the Nation in the 1990s.

For example, the Department of Defense has been given expanded responsibilities in counternarcotics operations. The unique dual state/federal status of the National Guard excludes it from the restrictions of posse comitatus. That makes the Guard the only force that can perform a myriad of the actions required to fulfill this mission.

The National Guard also provides benefits from the third world nation building training exercises it performs. These exercises provide a forward presence and exposure to American skills and ideas without the costs or the political ramifications of sustaining a forward deployed force.

The National Guard also serves the communities of this nation by providing assistance in support of domestic programs as a by-product of training and through volunteer efforts. Further, the National Guard provides essential support to the American public during natural disasters and civil emergencies. The Guard contributes more added value to the Nation than any other military component and is an effective means of preserving defense capabilities while aiding in solving domestic problems.

BUDGET REQUIREMENTS

The National Guard is a cost effective force but it must be adequately resourced to perform its mission. To remain capable requires modern equipment, a reasonable training tempo and quality personnel. The Congress has consistently been generous in providing for Guard equipment modernization, manpower resourcing and personnel benefits above that requested in the Defense budget. Your efforts are greatly appreciated.

The National Guard should begin to see transfer of modern equipment as a result of the downsizing of the active forces. The amount and timing of such transfers have yet to be determined, but even with transfers, many equipment shortfalls will remain. The National Guard Association will continue to identify shortfalls of essential readiness equipment for your consideration.

Operation Desert Shield is teaching many lessons about training. For some time now there has been a misperception that National Guard personnel only train to the mandated 39 days. In fact, typical Guard officers train 80 days per year and senior enlisted personnel 50 days. Aviation units have even greater training requirements. Mission requirements dictate different amounts of training; all units and skills do not have the same needs. The maturity and stability of the Guard force permits more efficient use of training time.

To sustain and enhance readiness levels, we need to maximize the integration of Guard, Reserve and Active personnel in the training environment. Emphasis should be placed on integrated training exercises, use of training devices and simulators and participation in training programs such as the Key Personnel Upgrade Program (KPUP).

Lessons learned will lead us to explore alternative and innovative approaches to individual and unit training. We need the flexibility to identify and address training needs on a case-by-case or unit-by-unit basis geared toward mission and mobilization requirements. Adequate full-time support manpower and active component advisors are critical to enhanced readiness.

SUMMARY

The National Guard is a proven, capable force. In view of the continuing uncertainty of the threat and the economic forecast, the Guard represents a cost-effective means of buying more defense for less expenditure.

We strongly urge this Committee and the Congress to prevent the National Guard from being prematurely drawn down to unreasonably low levels. Aside from the adverse impact on communities, dismantling the Total Force Policy on the eve of its greatest success is dangerous and ignores some obvious truths.

During the Department of Defense review of the Total Force Policy, a guiding principle for force structure decisions was proposed. It stated that the presumption should be made that structure would go into the National Guard or Reserve unless a sound military reason was provided as to why it must be placed in an active component. Since we know that lift capability is and will continue to be a constraining resource, an additional criteria for force structure decisions should be the availability of transportation. If forces cannot be moved in 60 days, they should be placed in the Guard and Reserve because of the cost effectiveness of those components.

The National Guard Association believes the fiscally responsible approach is to maintain maximum force structure at minimum cost. It is better to maintain as much structure as possible in the National Guard, and have it if required, than to drastically reduce the Total Force and have insufficient structure. The National Guard has served the nation for over 350 years and never failed when called. We will continue to answer America's call in the future. The lessons learned from Operation Desert Shield and Desert Storm have not been completed and analyzed. History is still being written.

We ask the Committee to ensure that adequate resources are included in the Defense budget for the National Guard to maintain current strength levels and to afford an opportunity to effectively train, to be interoperable with the Active Services and to attract and retain quality personnel.

We appreciate your support of the National Guard.

STATEMENT OF SGT. MAJOR C.A. (MACK) McKINNEY, USMC (RET), LEGISLATIVE COUNSEL, NON-COMMISSIONED OFFICERS ASSOCIATION OF THE UNITED STATES OF AMERICA

Senator INOUYE. Our next witness is the legislative counsel of the Non-Commissioned Officers Association of the United States of America, Sgt. Major C.A. (Mack) McKinney, U.S. Marine Corps, retired.

Sergeant, it is good to see you again, sir.

Sergeant McKINNEY. Mr. Chairman, as you accurately described it the other day, I am one of those aged warriors.

It is a pleasure to be here with you today and to represent my association. Many of our members served in Operation Desert Storm and we are very proud of that fact.

PRUDENT DRAWDOWN ADVOCATED

We continue, NCOA, to advocate the prudence of downsizing the uniformed end strengths of our Armed Forces, both Active and Reserve. This should not be driven, in our estimation, by the fiscal constraint or the anticipation of a peace dividend in particular, but moreso by the missions assigned and the worldwide commitments imposed by the administration and, of course, this distinguished legislative body.

The outstanding performance of our service members in the gulf, as we all know, has met with nothing but favorable comments. They are the direct result of the Nation's support for an All-Volunteer Force, and it is working far better than I think most of us believed it would just about a decade or so ago.

Granted, it has been expensive, but every penny spent has seen improvement upon improvement. To recruit and retain such quality is not a matter of keeping the status quo. Improvements in the military personnel programs are necessary. Some of these improvements we have addressed in my statement.

COMPENSATION

For example, compensation. A 4.2-percent increase in pay recommended in the defense budget is another attempt, we believe, to use military personnel to reduce the Federal deficit. This is the 10th consecutive annual pay cap offered by the administration, 9 of which have been adopted by Congress with relatively few improvements, and it is time, we believe, to consider larger increases in military compensation.

Other issues that we have addressed than compensation we call to your attention, Mr. Chairman: BAQ-VHA, compression in pay for noncommissioned officers and petty officers, separation pay. And there, Mr. Chairman, we are concerned that after 5 months, almost going into 6, the Department of Defense has done nothing about putting out any directive relative to the payment of separation pay to enlisted personnel.

My association is receiving call after call after call from these folks who should have been given this money when they were released involuntarily from the services subsequent to the effective date of that award. They are still out there. That is what the basis of separation pay is, to help them to transition back to civilian life.

Anything you could do in that area would be greatly appreciated.

MILITARY HEALTH SYSTEMS

We also recommend that the Congress provide the necessary funds to continue to enhance and improve the military health systems. Of importance to us is we would like to ask the subcommittee to delay adopting or providing any funds at the current time for the DOD-proposed consolidated or coordinated program, the coordinated care program, until the completion of the catchment area management demonstration project.

Also, we would like to have the subcommittee take a strong look at a dental program for reservists. Many of our reservists could not be sent overseas because of the terrible condition of their teeth.

We also oppose the consolidation of military services' exchange stores, and we are also concerned that the Defense Department has recommended the transfer of the new commissary agent's financial responsibility to the defense business operation fund, and we would like to see Congress prohibit the transfer of those commissary funds into that particular fund because we think they would use it for purposes other than what it is intended.

SOLDIERS', AIRMEN'S, AND NAVAL HOMES

The association is extremely disappointed with the statute consolidating the U.S. Soldiers' and Airmen's Homes and the Naval Home and the Armed Forces Retirement Home. We believe that the law—Public Law 101–510, title XV—is actually taking and making the Soldiers' Home and the Naval Home an institution, rather than a home.

Further, it is questionable as to whether the home really is for enlisted servicemembers when, of the 16 board members to be selected, only 3 would be of enlisted grades and 1 of those would not have a vote at all.

So we recommend that none of the funds be appropriated and used to implement that title this year. We believe that a hearing should be held in this and some changes made.

I have also addressed some other items in my statement, which I have left for your consideration, sir. And we do appreciate and commend this particular subcommittee for the support it has given our men and women serving in our uniformed forces. We feel secure in the knowledge that this subcommittee will give full consideration in its recommendations herein and, of course, will fiscally endorse any or all that is possible in the deliberations on these issues.

Thank you very much, Mr. Chairman.

Senator INOUYE. Thank you, Sergeant.

PEACE DIVIDEND

You used the phrase "peace dividend." I have been trying to convince my fellow Americans that they should not be counting on peace dividends, at least not in the immediate future, because there are certain costs that cannot be clearly calculated: separation pay, for example; extended health benefits. Then you have other costs, such as unemployment compensation. We have no indication as to how large this would be. Welfare payments, food stamp payments. And there is always a correlation of crime and unemployment, so the cost of crime.

When you add all of these things up, it will be a huge sum. So drawdown may not be resulting in savings. To the contrary, it may cost America much more.

Sergeant MCKINNEY. I agree with you.

Senator INOUYE. So I thank you for your statement. It will be very helpful as we move along, sir.

Sergeant MCKINNEY. Thank you, sir.

[The statement follows:]

STATEMENT OF SGT. MAJOR C.A. (MACK) MCKINNEY

Mr. Chairman, I am retired Marine Sergeant Major C. A. (Mack) McKinney, Legislative Counsel for the Non Commissioned Officers Association of the United States of America (NCOA). The Association is a congressionally-chartered organization with a membership in excess of 160,000 noncommissioned and petty officers serving in every component of the five (5) Armed Forces of the United States; active, national guard, reserve, and retired; or in a veteran's status. Many of the Association's membership are participating or have participated in Operation Desert Shield and Desert Storm.

MILITARY MANPOWER

In its FY 1991 statement before this distinguished subcommittee, NCOA warned that in spite of "glasnot" the United States should not rush to reduce uniformed end-strengths. That, if there is a reduction, it should be done in a prudent manner, at a pace determined by the individual military service to be in its best interest, and based on proper occupational mix and mission requirements.

Although the scenario has been altered somewhat by the Persian Gulf situation, NCOA continues to advocate prudence in downsizing the military's uniformed end strengths, both active and reserve. They should not be measured by fiscal constraint or the anticipation of a peace dividend, but by missions assigned and world-wide commitments imposed by the Administration and this legislative body.

Commensurate with the above, NCOA further recommends that Congress appropriate the necessary funds to maintain near-current numbers in military end-strengths through this FY and allow the services to "downsize" their numbers in an orderly fashion beginning in FY 1992. This will require extending the target date through FY 1996. Also, increased funding is urged for recruiting and advertising to assure taxpayers that they'll have only the highest of quality volunteers serving in their Armed Forces.

MILITARY PERSONNEL ISSUES

The outstanding performance of U.S. servicemembers in the gulf has met with nothing but favorable comments. Highly-acclaimed has been their morale, discipline, intelligence, and quality, to name a few of the commendations extended in their behalf. Each is the direct result of the Nation's support for an all-volunteer force (AVF) It is working far better than many of us believed it would only a decade or so ago.

Granted, it has been expensive, but every penny spent has seen improvement after improvement. Maintaining a sizable military end-strength and a high state of readiness may cost a few dollars more, but it is worth the expenditure.

To recruit and retain such quality isn't a matter of keeping the status quo. Improvements in military personnel programs will be necessary. These improvements are addressed below.

COMPENSATION

The 4.2 percent increase in pay, recommended in the Defense Budget for FY 1992, is another attempt to use military personnel to reduce the federal deficit. This is the tenth consecutive annual pay cap offered by the Administration, nine of which have been adopted by Congress with relatively few improvements. The result is a 10-to-12 percent gap between comparable civilian salaries as measured by the Employment Cost Index (ECI). It's time to adopt larger increases in military compensation.

Other compensation issues recommended by NCOA are:

BAQ/VHA.—(1) increase or combine housing allowances to reach the congressional goal of covering 85 percent of servicemembers' off-base housing costs; (2) allow Naval personnel in pay grades E–6 and below married to other sea service members to draw housing allowances when assigned to sea duty; (3) "grandfather" current BAQ payments to divorced servicemembers residing on-base and making court-ordered payments for the support of dependent children; and (4) fund payments to certain single servicemembers of 25 percent of BAQ without dependents if involuntarily assigned to and residing in substandard bachelor housing.

Compression.—Through the years pay compression has occurred, particularly in NCO/Petty Officer pay grades. At various times Congress has increased the basic pay of junior personnel at higher rates than those in the more senior grades. Congress needs to offer a targeted pay increase, as it did in 1981, to offset the compression.

Other payments.—Funds are needed to provide sufficient reimbursements for PCS moves, to improve special pays (such as certain places pay, clothing maintenance allowances, and special duty assignment pay) and to enhance compensation payable to single servicemembers.

Terminal leave pay.—The terminal leave pay of Sergeants Major of the Army and Marine Corps, Master Chief Petty Officers of the Navy and Coast Guard, or Chief Master Sergeants of the Air Force is paid at the E–9 pay grade because the law prevents paying two in any one billet at the same time. NCOA recommends that they continue to be paid at the higher enlisted pay grade since they have not relinquished their rank, only their billet. They continue on active duty until they are officially retired at the end of the terminal leave period.

Separation pay.—NCOA is concerned that the Defense Department has taken more than five (5) months without providing guidance to the military departments in the payment of separation pay to enlisted personnel pursuant to Public Law 101–510, Title V, Section 501. The Department failed to seek funds for this program in FY 1991. Hopefully, this distinguished subcommittee will appropriate the necessary funds to meet these payments during FY 1992.

MILITARY HEALTH CARE

The Association recommends that Congress provide the necessary funds to enhance and improve the military health care systems. For example, the Champus Reform Initiative (CRI) needs to be expanded into other states. NCOA members embrace this program and advocate its early expansion.

Further recommendations are made for: (1) 100 percent CHAMPUS coverage of dependents of military personnel assigned to remote or independent-type duty (outside of military catchment areas); (2) decreasing the CHAMPUS catastrophic cap from $10,000 to $5,000 for military retirees and dependents; (3) expansion of PRIMUS and NAVACARE clinics in areas where eligible out-patient beneficiaries are heavily-concentrated and nearby military treatment facilities are overcrowded; (4) the delay in adopting the DOD-proposed Coordinated Program until the completion of the Catchment Area Management demonstration project study; (5) a dental program for reservists to assure immediate deployment if called to active duty during national emergencies; (6) enhancement of the CHAMPUS program to allow certain military retirees and their dependents, now obligated by law to enroll in Medicare, to seek care under CHAMPUS when needed care is not covered under Medicare; and (7) extend military health care to retired reservists under 60 years of age not yet entitled to retired pay.

MORALE, WELFARE, AND RECREATION ACTIVITIES

NCOA opposes the consolidation of the military services' exchange stores. In this light, the Association recommends that no funds be appropriated for this purpose. Justification may be found in the subsequent losses surrounding the 1988 consolidation of on-post liquor stores.

The Association is concerned also with the Defense Department's recommendation to transfer the new Commissary Agency's financial responsibility to the Defense Business Operations Fund (DBOF) NCOA shares the anxiety expressed by the chairman of the House Armed Services MWR Panel that DOD might use commissary funds to provide a "crutch" for other programs in DBOF. Thus, the Association urges Congress to prohibit the transfer of any commissary funds to DBOF.

Once again NCOA urges increased funding for MWR programs, in particular those activities that encourage younger servicemembers to utilize recreational programs available on-base. Also included are family service centers, family support programs for reserve units, educational and vocational opportunities, and physical fitness centers.

Finally, the Association expresses concern for the callous approach taken in closing military bases. NCOA knows of no official recommendation to continue Medical, commissary, and exchange activities for the many retired military families in the affected locales, or to reimburse the applicable service's nonappropriated fund upon closing these activities. Language in the FY 1992 defense appropriations act should address this subject with a resolve favoring the payment of appropriated funds to offset losses to the applicable service's nonappropriated fund.

ARMED FORCES RETIREMENT HOME

The Association is extremely disappointed with the statute consolidating the U.S. Soldiers' and Airmen's Home and Naval Home into the Armed Forces Retirement Home. Public Law 101–510, Title XV, changes the composition of the two homes from a residence for retired and physically disabled enlisted servicemembers back to an "old soldiers' (sailors') institutional home." Further, it is questionable as to whether the home really is for enlisted servicemembers when of the 16 board members to be selected, only three would be of the enlisted grades (one of whom has no vote) and of the Directors and Deputy Directors to be appointed, not one is to be a former enlisted servicemember of a senior grade. At the local level, the board members number 11 each. Here again, only three members are to be enlisted with one not permitted to cast a vote in the operation of the home.

NCOA recommends that none of the funds appropriated may be used to implement Title XV of Public Law 101–510 until it is amended to more closely reflect the homes' enlisted composition.

SURVIVOR BENEFITS

The Association has joined with 24 other military/veterans associations, and the Defense Department, in offering an amendment to the Survivor Benefit Plan (SBP) that enhances the program for participants. It will authorize current and future participants to choose higher percentages of coverage for surviving spouses at increased premiums. The cost of the new proposal would be divided between the servicemember (60%) and the Federal government (40%). Some of the government's liability under the current plan will be reduced by increased premiums received during an amended open enrollment period.

If this amendment is authorized, NCOA urges the appropriation of funds to implement the enhancement.

PERMANENT CHANGES IN STATIONS (PCS)

In addition to the Association's recommendation that reimbursements for PCS moves be increased to more realistic levels to offset out-of-pocket expenses, NCOA urges the appropriation of funds to increase the number of days that may be paid for temporary lodging expenses from 4 to 8, provide for house-hunting trips (transportation costs) and the storage of privately-owned vehicles in stateside storage facilities if servicemembers cannot possess POV at an overseas duty station.

MISCELLANEOUS

NCOA also advocates funding for the following programs if authorized for FY 1992: (1) transporting the remains of a dependent of a retired member of the Armed Forces when the dependent dies in a military treatment facility (MTF); (2) enhance the monitoring and screening process, ID procedures, and enforced enrollment in the Exceptional Family Member Program; and (3) recompute the retired pay of enlisted members of the Armed Forces to credit pre-1958 reserve time as now authorized for commissioned officers.

CONCLUSION

The Association commends this distinguished subcommittee for its support of the men and women serving in the uniformed Armed Forces of the United States. NCOA feels secure in the knowledge that the Subcommittee will give full consideration to its recommendations herein, and will fiscally endorse all that is possible in its deliberation of these issues. Thank you.

STATEMENT OF JOHN T. HUNTER, NATIONAL PRESIDENT, ASSOCIATION OF CIVILIAN TECHNICIANS

Senator INOUYE. Our next witness is the national president of the Association of Civilian Technicians, Mr. John T. Hunter.

President Hunter, welcome, sir.

Mr. HUNTER. Thank you, Mr. Chairman. It is a pleasure to be here today, and I certainly want to thank you for your continued support of the National Guard and Reserves. I have a short statement. I will keep it under 5 minutes.

In this time of economic budget constraints and the proposed reduction in defense spending, the Active, Guard, and Reserve program, the AGR program, must be examined more carefully than ever before. Full-time support for the National Guard and Reserves is provided by both civilian technicians and AGR's. The AGR costs the taxpayer much more than each civilian technician.

Through the years there have been many reports, NCR, SNI, and CNO, that found the AGR program to be mismanaged, more costly than the technician program. Yet the AGR program continued to grow. In fact, during the 1980's, 88 percent of the growth in the full-time support program has been in AGR increases.

GAO STUDY ON RESERVE COMPONENTS

As late as February of last year, the General Accounting Office released another study of the Reserve components. Did they find any improvement in the management of the AGR program or the cost? No; it did not. It found the program to be so mismanaged that the Army's requirement for 120,000 full-time support personnel lacked sound justification, that the unit staffing guides were established without workload analysis and without any degree of accuracy, and that a comparison of the two personnel categories found technicians to be the least costly.

The same GAO report cites previous reports that either personnel category, AGR or technician, can be used to fill the full-time support positions. It also states that the DOD and congressional committees have directed that the most cost effective mix of personnel be utilized.

Disregard the fact that AGR's are moving into most of the supervisory positions. Disregard the fact that more and more high-ranking officer and enlisted grades are being made available to AGR personnel. Disregard the fact that thousands of AGR's are in nondeployable positions while technicians are required to work, train, and deploy with their units. Disregard the fact that technician positions are still being lost to the AGR program.

Just take a look at the cost of the program. For this reason alone, the committee should provide for technician growth and a phaseout of the AGR program.

MILITARY DRAWDOWN

Prior to Operation Desert Storm, the Congress decided it was time to draw down the military end strengths. It was assumed by many that as Active component strength figures were reduced and new missions were shifted to the National Guard, that this burden shifting would result in increases in Guard and Reserve strengths.

Now that Operation Desert Storm has reached a successful conclusion, it appears the drawdown will continue and the Guard and Reserve will share in the reductions. It is difficult to conceive how the Active components can be reduced without a corresponding increase in the Reserves.

NG TECHNICIAN PROGRAM

The National Guard technician program has to be the most restrictive employment in the Federal Government. Senior experienced employees are terminated under the military 20-year retention system. Compatibility requirements prevent advancement in civilian employment and limit military promotions. Adverse actions can only be appealed to the individual who took the action, the adjutant general.

These civilian employees, unlike their fellow technicians in the Army and Air Force Reserve, are forced to wear military uniforms while performing their day-to-day technician duties. Now the new Air National Guard policy will further restrict the positions that can be occupied by National Guard enlisted personnel.

The policy also states that if there is a position that can be held by either officer or enlisted personnel, it will be graded lower if filled by an enlisted individual.

FOUR RECOMMENDATIONS

I have four recommendations, Mr. Chairman: No. 1, no additional funds should be provided for any AGR growth. A 30-percent reduction in AGR strength should be continued, but replace the AGR personnel with technicians, not active duty personnel.

Second, phase out the entire AGR program through attrition. All full-time support positions should become technician positions, controlled by OPM job-grading standards.

Third, extensive hearings should be conducted on the full-time support program in the National Guard and Reserves.

And finally, language should be incorporated in the defense appropriations bill that will prevent any technician positions from being converted to AGR status.

That concludes my summary and I want to thank you again for the opportunity to be here, and again thank you for your support of the Guard and Reserves.

Senator INOUYE. Thank you very much, Mr. Hunter.

You cited the 1983 House report, which indicated that replacement of technicians with AGR's proved to be much more costly. Is this the present situation?

AGR PROGRAM COSTLY

Mr. HUNTER. Yes; it always has been and I believe it will remain and possibly get worse, because what we are finding today is that many of the AGR's who came in in what we would call entry level, lower graded positions, have now moved up into the higher graded positions.

So I believe today the figures would probably increase. I think your AGR program is costing you a heck of a lot more money, absolutely. The Congressional Budget Office study, I think, that was done a few years ago, figured out that the average AGR person with their accrued benefits would cost the taxpayer about $45,000 per year. That is an average. We have got air commanders in some Air Guard units that were GS–14's that are now full bird colonels on active duty in the AGR program.

Senator INOUYE. Thank you very much, sir.

Mr. HUNTER. Thank you, Mr. Chairman.

[The statement follows:]

STATEMENT OF JOHN T. HUNTER

Mr. Chairman and members of the committee, I appreciate the opportunity to once again appear before this committee and present our views on the full-time support program within the National Guard. I would also like to take this opportunity to express our sincere thanks for your continued support. My testimony will address a continued area of concern - the Active Guard and Reserve (AGR) Program. It is extremely important that we review aspects of our previous testimony before this committee and that we address the required phased reduction in AGR strength totals.

The seed for the AGR program was planted in 1975 when Congress directed DOD to use the least costly form of manpower in the DOD Appropriations Act of 1975, Public Law 93-365. In 1976 the Defense Manpower Commission, in its report to the President and Congress, concluded that $ 270 million could be saved annually by replacing all Army and Air Force reserve component technicians with Guardsmen and Reservists on active duty. The following year Major General Francis Gerard, former Adjutant General for New Jersey, conducted a comprehensive review of the Full-Time support program. The "Gerard Study" recommended the retention of the technician program but a test AGR program was still put into effect.

In its' November 1980 report to the Deputy Assistant Secretary of Defense for Reserve Affairs, Management Consulting & Research Inc. stated there would be no significant cost savings in converting technicians to AGR status and that additional costs could be incurred due to pay and benefit differentials and lower military manpower availability. MCR also reported no measurable change in unit readiness due to the conversion test and that job performance showed no significant difference between the dual status technician and full-time military personnel.

In 1983 the Surveys and Investigative Staff of the House Appropriations Committee reported tnat the National Guard Bureau's "four sergeants per unit" plan would cost approximately $ 115,000 annually per unit. Formerly, two technicians did the job at an approximate cost of $ 42,000. Back in the early 1980s it was already apparent that AGRs would cost more than additional technicians but the AGR program continued to grow. This S & I Report also found too many management and supervisory positions were being filled by AGRs. AGRs are still moving into most of the supervisory positions at the expense of technician advancement.

When the AGR program was first proposed, its alleged benefits were announced with high-flown statements that now only bring a cynical smile to the face of anyone who has studied it. The same is true of all the praise that has been heaped on it since its inception. For example, AGRs were going to be assigned to deployable units. They would then be able to improve the training level of the units and enhance their mobilization readiness. Also, the AGR program was going to provide the Reserve Components with a broad breadth of experienced personnel. They would perform duties which were a departure from the traditional administrative support role performed by civilian technicians and would provide units with personnel who had a broad range of military skills. Not only has the AGR program failed to live up to these glowing standards, the Civilian Technician program has managed to consistently prove its superior value. Whatever modest benefits the AGR program has provided, it is in a large part due to the constant help and sustenance provided by technicians. Meanwhile, these modest benefits have been purchased at a very high cost.

It would not be possible for the AGR program to achieve its goal unless its personnel are properly utilized. When we examine the program, we find one-third of its personnel are not even in deployable units. In some states, the percentage is as high as 48%. It also means that most of these AGRs are not mobilization assets. The managers of the AGR program have assigned many thousands of AGRs in a manner that can only be characterized as a conspicuous disregard for one of the basic reasons for its creation. The AGRs we are talking about are those which have been assigned to the State Area commands (STARC). These personnel have no specific commitment to report to a mobilization station. Many of them never will, for their mobilization assignment is to stay behind, within the boundaries of their home states, and perform administrative, security and housekeeping duties. More than that, some of those STARC personnel have duties that require no combat training, nor are they issued any combat equipment, nor are they assigned to any combat unit. Technicians, by law, must work, train and deploy with their units. This requirement is prescribed by the National Guard Technician Act of 1968, Public Law 90-486.

But, there are more serious and far-reaching faults with the AGR program. AGRs only do work that can, is, or was done by technicians. In most cases, both groups do the same work. Where there is a difference, it is only because the managers of the AGR program will not permit technicians to do them. Most interestingly, those tasks used to be done at the unit level by technicians. Therefore, we have an act of deception, when friends of the AGR program try to prove its necessity. For years they have tried to demonstrate that AGRs are a special group of employees, separate and apart from technicians. But, no amount of deceptive arguments can alter the truth. It just is not true.

In order for the committee to verify what it is that AGRs are expected to do on a day-to-day basis, it need only examine the published AGR Job Descriptions. After having done so, it would be beyond comprehension for anyone to continue any belief in the lie that AGRs do work that is unlike that which has been done by technicians. AGRs are nothing but a redundancy, who do work that, historically, was the sole province of technicians.

Technicians alone are permitted to work in maintenance shops of the Army National Guard. We stress that point because, at times, it has been said that one reason for the AGR program was to provide well trained, highly skilled, personnel who would be needed to deal with the new and complex equipment entering the Army's inventory. When a new piece of equipment enters the Army National Guard inventory, it is technicians alone who encounter it first. It is they who perform the necessary technical inspection before any equipment is accepted for use. Further, if any equipment is in need of major repair or maintenance, it is technicians who do it. Without fear of contradiction, it can be said that technicians are far more valuable to the Army National Guard than are AGRs. For, not only can they match AGRs job-for-job in the administrative area, it is they alone who keep equipment up to standard, without which, no unit could enter battle.

As far as the Air National Guard is concerned, we have a somewhat different picture. But, friends of AGRs can take no comfort from it. Once again, AGRs and technicians both perform administrative duties. On the flight line, they are both involved in getting planes ready for flight. But, there is no difference in the work they do. What one does is done by the other. Is it any wonder that technicians, with many years of experience on the job, ask why AGRs have been satellited upon the Air National Guard? If they do nothing special, why are they here? Why does the Air National Guard need them? Interesting to note, the Air Force Reserve does not embrace the AGR program. During testimony before the House Defense Appropriations Subcommittee on May 13, 1982, Major General Richard Bodycombe, then Chief of the Air Force Reserve, stated: "As you know, one of the main reasons we have been so successful in maintaining readiness in the Air Force Reserve is our Air Reserve Technician program." A year earlier he testified that the Air Reserve was very happy with its "mix" of mostly technicians. This remains the policy of the Air Force Reserve today.

We ask the committee to remember how new the AGR program is in relations to the Civilian Technician program. Now think of all those technicians who have worked on aircraft for a longer period of time than the entire life-span of the AGR program. It is axiomatic that there is no substitute for experience. Therefore, it is just common sense reasoning which is needed to come to the conclusion that only technicians have the deep quality of skills needed to do all the complex jobs required to keep modern aircraft ready for missions. It is not that AGRs have done nothing. All we ask of the committee, is to recognize that the true strength and backbone of the Air National Guard still comes from its civilian technicians. Adding AGRs was only of dubious and marginal value.

It is not our contention that AGRs do nothing or are worthless. We just want the committee to realize that there is neither a pressing need for them, or that the improved level of readiness in various units is not due to inherent factors in the AGR program. Let us give you just one example of what we mean. It will further illustrate the questionable value of the program and help bring into focus the deception that is sometimes used when the need for AGRs is loudly proclaimed.

Since the very start of the Civilian Technician program, Army National Guard units were limited to one or two technicians. The technician was responsible for administration, supply and training. When the AGR program started there was an infusion into those units that was never permitted in the Civilian Technician program. We now have situations where there are four or more AGRs working in those same units. By the mere quadruplication of the workforce, the status of many units improved. There is neither magic nor originality in that technique. It would have been amazing if things had not improved. More work is being done and in a more timely manner, because there are now more people available to handle the rising tide of work that is needed to keep the Army National Guard at a reasonable level of combat readiness. The improvements could just as well been accomplished by hiring more technicians. It is a travesty of logic and a deception of the worst kind, when it is said that AGRs were needed for the improvements. They simply represent additional hands to do the work. What is most significant, is that those hands only do work that was always done by civilian technicians.

Consider the viewpoint of technicians who hear that it is AGRs who will replace them; or when they hear that it is the AGR program which is needed to meet the challenge of the future; or when they hear of AGR skills; and that AGRs would be a departure from the past. Instead, what they see and experience is a group of employees who are just a reflection of the Civilian Technician program; of personnel who turned to them and asked to be trained; of personnel who have contributed nothing new or different; of large numbers of personnel who are not mobilization assets.

It is a matter of simple logic that two groups of workers, doing the same work, will achieve the same results. How much intrinsic value can the AGR program have? There was never any real need to graft the program unto the Reserve Components. Anything that had to be done, could have been done by simply hiring more technicians.

We would now like to turn your attention to the other definition of value which applies to the AGR program. Namely, the very high cost and financial burden it places on all of us.

AGRs are paid according to their military rank and longevity. This, despite the fact that they are not truly members of the regular armed forces. They reside in a gray world, between that of members of the armed forces and civilian technicians. That is to say, that they receive the pay and benefits of the former, while doing the work of the latter. In addition, they are not subject to the Uniform Code of Military Justice that applies to members of the regular armed forces, nor can they be transferred outside the limits of their home states. In fact, they work under the same conditions as laid down for technicians, and work the same work schedule. Consequently, AGRs never endure the hardships one usually associates with the life of a soldier or airman. For example, there are no rotations of duty from post to post; nor overseas tours of duty; or irregular duty hours; or long separations from ones family, etc.

Under the income tax law, AGRs receive tax free payments amounting to 20% to 40% of their pay. This was due to the BAQ, BAS and VHA they receive. The difference in percentage depends on the rank and longevity. However, civilian technicians get no tax free payments. This, despite the fact that they all do the same work. Why are AGRs worth this very handsome tax break? It is tantamount to a gift. Once again, consider a technician's viewpoint under this circumstance. Also, consider for example, AGRs get free medical care and unlimited sick leave. It is the government which pays and provides. We need not tell the committee of the current high cost of medical care and how many people would like to have free medical insurance, along with all the time necessary to recover from an illness, and at the same time, not be charged for it. The cost of the medical insurance can be estimated very closely. It reaches into the millions. But, the man-hours lost between one group who has unlimited sick leave privileges and another who must accrue sick leave, is more subtle. However, it is apparent to anyone who knows anything about cost factors of employees, that an unlimited sick leave policy is far more costly. Again, the AGRs prove to be the more costly group. Now add to this a generous annual leave policy, granted to them each and every year. It takes many years for a technician to reach the maximum level of 26 days annual leave a year. AGR personnel receive 30 days from the very start. This type of unearned leave policy is very expensive, when put side-by-side with the one that applies to technicians.

In addition to all of this, there are a whole array of compensations given to AGRs which are denied to the technicians. The following are just a sample. Bonus payments, Survivor Benefit Plan, free legal counseling, state and local tax advantages. It goes on in a monotonous vein. We will not go any further with this topic - enough is enough. It should be abundantly clear that AGRs are very costly government employees.

In 1985 the General Accounting Office said an all civilian technician force would be less costly than an all AGR force in its June 1985 study titled "Problems in Implementing the Army's Reserve Components Full-Time Manning Program." In November of the same year the Congressional Budget Office, in a report titled "Improving the Army Reserves", said the annual costs for AGRs would rise by over $ 1.5 billion between 1986 and 1990. It said the average pay rate for AGR personnel was estimated to be $ 42,000. Yet, the AGR program continued to grow.

Senator John Glenn, during debate on Defense Authorization for FY-88 and 89 said: "I am concerned about the larger issue of the very sizeable number of personnel we have in our Reserve forces full-time manning program, and the extraordinary growth of this program in the short 7 years of its existence. To my way of thinking, this full-time manning program has never been adequately justified, especially not as the huge program it has become." Yet, the AGR program continued to grow.

In 1988 the GAO still found management and morale problems due to two full-time support program - civilian technician and AGR - performing similar duties with different personnel procedures and different pay and benefits. This was reported in a November 1988 report titled "Opportunities to Improve National Guard and Reserve Policies and Programs." Yet, the AGR program continued to grow.

Years after its origin the AGR program is still plagued with mismanagement. Many individuals are using it for personal gain - unqualified AGRs are being assigned - technician positions are still being converted through the transfer process. Yet, the AGR program continued to grow.

As late as February of last year, the General Accounting Office released another study of the Reserve components titled "Opportunities to Improve Management of the Full-Time Support Program." The GAO again found the AGR program to be mismanaged; technician s to be the less costly of the two personnel categories; that AGR Unit Staffing Guides were established without sound justification; and that during the 1980's AGRs accounted for 88% of the growth in the full-time support program. Yet, the AGR program continued to grow.

It is our estimate that if an equal number of technicians had been hired to take the place of AGRs, the government would now be saving about $ 600,000,000 a year. In no way would this substitution endanger or degrade the effectiveness of the Reserve Components. Civilian technicians, who taught AGRs what to do, would and could do everything currently being done by AGRs. Further, they could do each and every task to the highest possible standard, which is something they have always done.

On April 4, 1990 Stephen M. Duncan, Ass't Secretary for Reserve Affairs, testified before the House Defense Appropriations Subcommittee that "The management structure and guidance must be continually reviewed to ensure a most cost effective full-time support force is maintained." Years ago, there was a move to replace technicians with AGRs for a possible saving of $ 270 million annually. Today, over $ 600 million can be saved by replacing AGRs with technicians. Does the National Guard Bureau and DOD say phase-out the AGR program? No! The former Chief of the National Guard Bureau General Herbert R. Temple, in an article written for the Reserve Officers Association Magazine "The Officer", said to phase-out the technician program. The technician program has always provided the continuity and stability essential to a part-time Army. General Temple was in error. He wanted to phase-out the wrong program.

Last year the Congress provided for a 30% phase down in AGR personnel in the Army National Guard. The planned phase-down is to take place over a six year period beginning in 1992. The plan further calls for replacing these AGR personnel with active duty soldiers. Such a plan would only replace one high-cost support group with another high-cost group. The phased-out AGRs should be replaced by civilian technicians - the one group that has proven cost-effective for over 40 years.

As world tensions eased, prior to Operation Desert Storm, the Congress determined it was time to draw-down the military end strengths. It was assumed by many that as active component strength figures were reduced, and new missions were shifted to the National Guard, that this burden-shifting would result in increases in Guard and Reserve strengths. Now that Operation Desert Storm has reached a successful conclusion, it appears the "draw-down" will continue and the Guard and Reserve will share in the reductions. Under the Total Force concept it is difficult to conceive how the active forces can be reduced without a corresponding increase in reserve strengths.

Unfortunately, it appears end-strength reductions are programmed for the National Guard and it follows that there will be reductions in full-time support personnel. Based upon DOD and National Guard Bureau testimony this year, it is planned to share these reductions between the AGR and technician programs. If there must be a reduction, and I believe a reduction is not in order due to continued under-manning, let it be in the high-cost AGR program - not in the cost effective technician program. Not only should the current highly experienced and qualified technician force be maintained, it should be increased as AGRs are phased out. This increase in technician strength should be in lieu of the assignment of active duty personnel to the Reserves.

The National Guard technician program has to be the most restrictive employment in the Federal government. Senior technicians, with years of experience, are terminated under the military 20 year retention system. Due to compatibility requirements, technicians are either prevented from advancement in their civilian employment due to their military assignment or they are limited in military promotions due to their technician positions. Technicians who suffer adverse actions can only appeal the decision to the individual who took the action - the Adjutant General. In addition these civilian employees, unlike their fellow technicians in the Army and Air Force Reserve, are forced to wear military uniforms while performing their day to day civilian duties.

Now a new wrinkle is being added. A new Air National Guard policy will further restrict the technician positions that can be occupied by National Guard enlisted personnel. Technician position descriptions that formerly were available to either officer or enlisted personnel are being phased out. New position descriptions will state that the positions can only be held by officers or by enlisted personnel. It doesn't take a genius to determine the end result of this change. The policy also states that if there is a position that can be held by either an officer or an enlisted person, the position will be graded lower if assigned to an enlisted individual.

That's not all - another National Guard directive states that National Guard members, when applying for technician positions, will be given credit for a full year of qualification in their military job specialty for each year of Guard service. Guardsmen meet one weekend a month and only a small portion of that time is actually spent in performance of their MOS or AFSC specialties. Yet, a full year of qualification will be credited for this minimal experience. If this experience is credited for initial applications, it will also be credited for future merit promotion actions. A technician with 14 years Guard service and one year of technician service could be rated more qualified than a technician who has worked full time at his or her job for 10 years. Guardsmen would have an unfair advantage over full-time technicians.

It's not a pretty picture and it gets worse when you add in the AGR program. Somehow, technicians have been able to maintain their dedication to duty as their dignity is stripped away. The full-time force should not be reduced but phase out of the AGR program should be continued. I urge the committee not to replace AGRs with active duty soldiers - replace them with cost effective, dedicated National Guard civilian technicians.

RECOMMENDATIONS

1. No additional funds should be provided for any AGR growth. The phased 30% reduction in AGR strength should be continued. Replace the phased-out AGR personnel with technicians - not active duty personnel.

2. Phase out the entire AGR program through attrition. All full-time support positions should become technician positions controlled by OPM Job Grading Standards. Allow AGRs the option of applying for deployable technician positions. (By law, all technicians must work, train and deploy with their units.) Transfer of funds from AGR to civilian personnel accounts will be required.

3. Conduct extensive hearings on the full-time support program in the National Guard and Reserves. Investigative teams should be dispatched into the various units.

4. Incorporate the following language into the Defense Appropriations Bill: "None of the funds appropriated by this Act shall be available to convert a position in support of the Army Reserve, Air Force Reserve, Army National Guard and Air National Guard occupied by, or programmed to be occupied by, a civilian technician to a position to be held by a person in an Active Guard or Reserve status, if that conversion would reduce the total number of positions occupied by, or programmed to be occupied by, civilian technicians of the troop program unit or squadron unit concerned, below the number of positions occupied by civilian technicians in those units as of the end of FY-91."

That completes my statement. I would like to take this opportunity to thank you and the members of this committee for your continued support of the National Guard and Reserves. I am prepared to answer any questions the committee may have.

STATEMENT OF JOHN N. STURDIVANT, NATIONAL PRESIDENT, AMERICAN FEDERATION OF GOVERNMENT EMPLOYEES, AFL–CIO

Senator INOUYE. Our next witness is the national president of the American Federation of Government Employees, AFL–CIO, Mr. John N. Sturdivant.

Mr. Sturdivant, welcome, sir.

Mr. STURDIVANT. Mr. Chairman, I am the national president of the American Federation of Government Employees, AFL–CIO. Our union represents over 700,000 government workers nationwide. Of those 700,000, 300,000 work for the Department of Defense.

I thank you for the opportunity to testify on the fiscal year 1992 appropriations bill for the Department of Defense. We have many issues affecting our DOD employees which the Appropriations Committee will consider. I will limit my statement to those which we deem to be of greatest importance.

They are, of course, contracting out, personnel levels, DOD base closures, a civilian employee issue, an egregious civilian employee issue in Adak, AK, that we would like to get the committee to take a look at, and the necessity for DOD firefighter protective clothing and equipment.

AFGE POSITION PAPER

Before discussing these particular issues, I would like to express appreciation for the committee's consideration of our DOD position paper entitled "United States Defense Spending in the 1990's." This AFGE position paper was submitted to you last year in order to provide an historical perspective on defense spending within the context of the current political and economic environment.

It is AFGE's view that a strong national security posture, a strong economy, and a viable DOD work force will only result from identification of key issues and a vigorous open debate concerning the necessary funding for these essential programs. Based upon that view, our testimony today centers on selected issues of significant importance to Federal employees.

CONTRACTING OUT

As you know, AFGE has been critical of the contracting out program as conducted under OMB's Circular A–76. Our criticism has been based on major flaws in this program, which include the lack of actual cost reporting, lack of employee participation in the process, and the inordinate amount of time required to complete the cost studies.

Section 8087 of the fiscal year 1991 DOD Appropriations Act took positive steps in this regard by requiring the termination of all DOD A–76 studies that had been in progress more than 2 years for a single function and 4 years for a multifunction study. This provision of law resulted in the termination of many studies that had been ongoing since as far back as 1982.

AFGE wants to heartily commend the committee for including section 8087 in the fiscal year 1991 legislation. This action will lead the way for the additional steps needed to correct the major flaws in the current contracting out program.

CIVILIAN WORK FORCE

AFGE fully recognizes that civilian work force levels should be consistent with the DOD mission and that, as the DOD budget is reduced, there will be commensurate changes in the work force level.

As we have previously testified, DOD utilizes several types of civilian employees, Federal employees, consultants, and service contractors to carry out the mission. It is our position that all types of employees should be subjected to reduction as budget levels decline. In other words, we are convinced that as the Federal employee work force is reduced the service contractor and consultant work force should also be reduced.

Unfortunately, we are not seeing these commensurate reductions in the President's fiscal year 1992 budget.

BASE CLOSURES

Secretary Cheney's recent recommendation to close 31 major U.S. defense facilities is receiving much attention. We are concerned because these actions will eliminate over 55,000 Federal employee positions and realign another 22,000 from one installation to another.

When combined with the previous legislated closure of 85 military installations, over 80,000 DOD civilian positions will have been lost by 1997. As previously stated, AFGE recognizes the need to shift both dollars and people from the Defense Establishment to other Government agencies as we realign Federal budget priorities, and in hand with the defense drawdown we strongly advocate the development of a comprehensive economic conversion effort to reduce the impact of base closures on geographic regions, local communities, and the many individuals who are affected by such an action.

The installation closure process should include programs to assist communities in this transition. For individual Federal employees, we strongly urge programs for job placement, retraining, education, and relocation.

An additional consideration in the installation closure process needs to be coordination of the timing of closure actions upon a region. Since we now have the 1989 legislated closures and the recommended 1991 closure list, particular attention needs to be paid to coordinating actions both by timeframe and by military service actions.

Mr. Chairman, I would just draw your attention to a section of my testimony that talks about what we would consider an egregious situation in Adak, AK, where an employee, a model employee, is doing work for the Navy, wants to remain in that location, and is being arbitrarily told that he must transfer to a position that no longer exists at Whidbey Island, which is on the closure list.

In addition, that particular civilian payroll is in deficit of $620,000 for this fiscal year and this closure—or this transfer would cost the Government more in moving that employee, and it certainly would be no benefit.

We would certainly ask that you take a look at that. I believe that is your intention, and we would be back with you asking you perhaps to write a letter to the Navy on this particular situation.

We also include in our testimony requests for additional support for firefighters and for others. Mr. Chairman, I am going to summarize our request to the committee as follows: to continue provisions similar to the current section 8087 that require DOD to complete Circular A-76 cost comparisons within reasonable time periods; continue programs to assist Federal employees adversely affected by base closure; provide funding for DOD firefighter protective clothing and equipment; and investigate the Navy policy of forcing civilian employees to leave Adak, AK, after 5 years, with resultant cost to the civilian payroll account.

I thank you for your consideration, Mr. Chairman, and for the opportunity to testify before your committee. I would be happy to try to answer any questions you may have.

[The statement follows:]

STATEMENT OF JOHN N. STURDIVANT

Mr. Chairman and subcommittee members, my name is John Sturdivant. I am the National President of the American Federation of Government Employees (AFGE), AFL-CIO. My union represents over 700,000 government workers nationwide, of which 300,000 work in the Department of Defense. I thank you for the opportunity to testify on the fiscal year 1992 Appropriations Bill for the Department of Defense.

There are many important issues affecting our DOD employees which the Appropriations Committee will consider. I will limit my statement today to those issues which we deem to be of greatest importance: contracting out; personnel levels; DOD base closures; a civilian employee issue at Adak, Alaska; and DOD firefighter protective clothing and equipment. Prior to discussing these specific issues, I would like to express appreciation for the Committee's consideration of our DOD position paper, "United States Defense Spending in the 1990s." This AFGE position paper was submitted to you last year in order to provide a historical perspective of defense spending within the context of the current political and economic environment. Although the events of Desert Shield/Storm have dominated the days since last August, the successful conclusion of that conflict only highlights the need for detailed Defense planning in the current decade. In fact, the scenario for the Persian Gulf War only highlights the need for increased research and forecasting of issues related to Defense spending. It is AFGE's view that a strong national security posture, a strong economy, and a viable DOD workforce will only result from identification of key issues and a vigorous, open debate concerning the necessary funding for these essential programs. Based upon that view, our testimony today centers on selected issues of significant importance to Federal employees.

CONTRACTING OUT

As you know, AFGE has been critical of the DOD contracting out program as conducted under OMB Circular A-76. Our criticism has been based upon major flaws in this program, which include lack of actual cost reporting, lack of employee participation in the process, and the inordinate length of time required to complete the cost studies. Section 8087 of the fiscal year 1991 DOD Appropriations Act took positive steps in this regard by requiring the termination of all DOD A-76 studies that had been in progress more than two years for a single function and four years for a multi-function study. The legislation also allowed a six-month "window," until May 5, 1991, for DOD to complete any studies that could be brought to bid opening by that date.

This provision of law resulted in the termination of many studies that had been on-going since as far back as 1982. Our latest information shows that the Navy has canceled 91, the Air Force 110, and the Army over 150 A-76 studies. Generally speaking, it appears that the military services have complied with Section 8087. AFGE wants to wholeheartedly commend the Committee for including Section 8087 in the fiscal year 1991 legislation. This action will lead the way for the additional steps needed to correct the major flaws in the current contracting out program.

PERSONNEL LEVELS

AFGE fully recognizes that civilian workforce levels should be consistent with the DOD mission and that as the DOD budget is reduced there will be commensurate changes in the workforce level. As part of this effort, a modified hiring freeze continues in DOD. As we have previously testified, DOD utilizes several types of civilian employees—federal employees, consultants, and service contractors—to carry out the mission. It is our position that all types of employees should be subject to reduction as budget levels decline. In other words, we are convinced that as the federal employee workforce is reduced, the service contractor and consultant workforce should also be reduced. Unfortunately, we have not seen these commensurate reductions in the President's fiscal year 1992 Budget. We would also point out that as reductions are effected, attention must be given to funding for such cost items as severance pay, retraining, job placement, relocation of displaced Federal employees, and early retirement opportunities.

BASE CLOSURES

Secretary Cheney's recent recommendation to close 31 major U.S. defense facilities is receiving much attention. We are concerned because these actions will eliminate over 55,000 federal employee positions and realign another 22,000 from one installation to another. When combined with the previously legislated closure of 85 military installations, over 80,000 DOD civilian positions will have been lost by 1997. As previously stated, AFGE recognizes the need to shift both dollars and people from the defense establishment to other government agencies as we realign federal budget priorities. Hand-in-hand with the Defense drawdown, we strongly advocate development of a comprehensive economic conversion effort to reduce the impact of base closures on geographic regions, local communities, and the many individuals who are affected by such an action.

When a large military installation is closed, the economic impact reaches far beyond the military and civilian employees who are displaced. In the communities surrounding an installation, a base closure causes substantial readjustment by banks, medical care providers, the real estate industry, merchants of all types, city and county governments, schools, and every activity that supports the current population. The directly affected federal employees are faced with severe changes due to loss of job and geographic relocation.

Given these difficult economic impacts, the installation closing process should include programs to assist communities in this transition. For individual federal employees, we strongly urge programs for job placement, retraining, education, and relocation. An additional consideration of the installation closure process needs to be coordination of the timing of closure actions upon a region. Since we now have the 1989 legislated closures and the recommended 1991 closure list, particular attention needs to be paid to coordinating actions both by timeframe and by military service actions. There is no doubt that the actions of these two lists need to be coordinated by DOD in order to dampen the overall economic impact on a single area. This issue should be highlighted as the process continues.

CIVILIAN EMPLOYEES AT ADAK, AK

There is an issue related to civilian payroll dollars that we would like to highlight. The situation is with the Navy at Adak, Alaska. In this case, the tenure of civilian employees at Adak is governed by SECNAVINST 12301.1, which only applies to Alaska. Generally speaking, this regulation allows employees to stay at Adak for five years and then rotate to the job they previously held in the continental U.S. At this point, the Navy brings in a replacement employee, often with his or her family, at an estimated cost of about $20,000. The problem is that a number of employees at Adak, having become landowners and citizens of Alaska, have requested to waive the five-year rotation and remain at Adak. The Commander at Adak, however, is not permitting any employees to stay past the five-year point.

We have written the Secretary of the Navy on this problem. The reply has been to leave things as they are. Our last letter noted that the same Commander who is denying the requests to remain at Adak is also stating that his civilian payroll is in a deficit of $620,000 for this fiscal year. At the same time, he is arbitrarily sending employees and their families out of Adak at a cost of about $20,000 per rotation. These dollars come from the same payroll category that is $620,000 in the red. We realize that this is a small dollar item in the DOD appropriation, but it is an example of how policy affects spending. It is also an example of how difficult it is to stop arbitrary decisions that not only spend money for the wrong reason, but also frustrate employees who simply want to continue doing their job to the best of their ability. We would appreciate any action the Committee could take on this matter.

FIREFIGHTERS

Most of the approximately 10,000 federal firefighters are employed by the Department of Defense at various facilities around the country. These firefighters face risks and exposures which far exceed those normally faced by their non-federal counterparts whose primary duties involve basic structural fires. DOD firefighters are called upon to fight fires caused by planes loaded with ammunition, fires in missile silos, as well as fires and explosions in chemical storage facilities.

The rate of accidents and injuries suffered by firefighters is among the highest suffered by any occupational group. What we find insupportable is that many such injuries, and even deaths, are preventable. In many instances, there is no prevention simply because DOD chooses to ignore applicable NIOSH and OSHA tolerance levels and standards, and fails to provide appropriate protective clothing which meets all applicable National Fire Protective Association (NFPA) consensus standards.

It is unconscionable for a firefighter to suffer severe burns because protective clothing does not meet the standards for crash fires, causing face masks to melt and gloves to catch on fire. What amount of money could compensate a firefighter who has lost 40 percent of lung capacity permanently simply because a supervisor ignored the tolerance levels for exposure to the chemical foam used to seal missile silos and failed to provide appropriate protective clothing?

What is being done to console the family of the firefighter who inhaled chlorobromomethane (CBM) used to put out a fire in a plane loaded with nuclear weapons and who then died of cancer six months later? The use of CBM had been banned for over eight years before DOD stopped using it.

These are actual examples of the results of DOD's failure to provide the equipment and clothing necessary to adhere to recognized standards and tolerance levels. This failure is often rationalized as a means of saving money, but paltry savings scored in this fashion are hardly worth the lives and health of these dedicated federal workers.

AFGE requests that DOD appropriations include specific allowances for the issuance to each DOD firefighter of all necessary protective clothing and equipment, including duty station/work uniforms which are worn under other special protective clothing, which meets applicable NFPA, OSHA, and NIOSH standards.

I will summarize our request to the Committee as follows:

1. Continue provisions similar to the current Section 8087 that require DOD to complete Circular A-76 cost comparison within reasonable time periods.
2. Continue support for programs that assist federal employees adversely affected by base closures.
3. Provide funding for DOD firefighter protective clothing and equipment.
4. Investigate the Navy policy of forcing civilian employees to leave Adak, Alaska after five years, with the resultant cost to the civilian payroll account.

Thank you very much for your time and consideration of these issues.

Senator INOUYE. I will discuss this matter with the vice chairman of the committee. As you know, Adak is under his jurisdiction, and I am certain he will raise hell.

Mr. STURDIVANT. Thank you, Mr. Chairman.

Senator INOUYE. Our next witness is the executive director of the Seattle Professional Engineering Employees Association, Mr. Charles H. Bofferding III, and Capt. Duane E. Woerth, representing the Air Line Pilots Association.

Mr. Bofferding.

STATEMENT OF CHARLES H. BOFFERDING III, EXECUTIVE DIRECTOR, SEATTLE PROFESSIONAL ENGINEERING EMPLOYEES ASSOCIATION

ACCOMPANIED BY CAPT. DUANE E. WOERTH, AIR LINE PILOTS ASSOCIATION

Mr. BOFFERDING. Thank you. I would like to thank you for the opportunity to represent the views of our union on the important subjects, America's commitment to technology, funding for technology, and in particular the B–2 stealth program. I realize we are short on time, so I will try and summarize my views to allow time for some questions and also Duane's testimony.

AMERICA'S COMMITMENT TO TECHNOLOGY

Right now America looks a lot like a country in decline, and we believe this is in large part due to lack of attention given to the maintenance of America's technological base. The declining defense budget scares us because, as we told the President and Mr. Cheney in our October 11 meeting, we believe the defense budget is misnamed; in fact, it should be called the defense and technology budget, because it contains the seed money for tomorrow's mature technology and a lot of our economic base.

B–2 PROGRAM

The B–2 is a good case study. Last year we noticed that supporters of the B–2 based their arguments exclusively on the national security-treaty implications of the B–2. Opponents focused on the cost. The technical implications of the B–2 were missing in previous congressional debates.

One of the most important justifications of the B–2 bomber is its place in the historical development and implementation of technology in America and the enormous contribution that this program will make in terms of its commercial applications. As an engineer who represents tens of thousands of employees, I would like to touch on some of the implications of those developments in America's commercial aerospace industry.

First, there is the advances in composites, with definite commercial applications. The Boeing Co. is planning to employ composites in its tail assembly for the 777 airplane. Many of the people who will build the 777 empennage learned many of their skills on the B–2 program.

Second, the new program requires new materials and manufacturing techniques, all of which had to be conceived and developed for the B–2 and all of which will find new commercial applications.

Third, CAD-CAM permitted the B–2 assembly to be fabricated directly from an electronic data base, thereby eliminating master tooling altogether. Production time to tool was cut by more than 80 percent.

Fourth, the extensive testing prior to first flight. The plane that was shown to the public was the first one ever built and it flew the first time.

The program is a testimony to the historical process which has given us the jet engine and the commercial satellite industry. I would like to point out that the development continues beyond the development process. There are still many lessons to be learned, many work forces to be trained, and significant advances to be gained from the full-scale fabrication and deployment stages ahead of us.

What value is technology if we do not have a skilled work force to produce actual hardware? It is only through extended use that newly developed materials can be demonstrated and proven safe for commercial use.

COMMITMENT TO NEW TECHNOLOGY ESSENTIAL

We feel it will take a lot of education to prove to America's policymakers that we need to maintain our commitment to new technology. We feel that misguided attempts to reduce America's defense spending will, in fact, cut the seed money essential to the development and maturation of technologies and skills critical to this country's long-term economic well-being.

As our technological horizons diminish, so will the vast array of high-technology products, capabilities, and markets which have been the bedrock of America's industrial might. If we do not produce the B–2 in sufficient quantity and continue development apace throughout the development process, we will have abandoned a process which has placed us at the forefront of global technology.

Individuals lose much more than their jobs. They stand to lose their careers. America will lose its ability to compete with other industrialized nations who resolutely commit themselves to long-term technological advancement, other nations who will accept the economic and social benefits for their workers and citizens that we would deny to ours.

Again, I would like to thank you for this opportunity to testify on this critical issue.

Senator INOUYE. I am certain you are aware that this subcommittee is very supportive of the B–2. In fact, it may be the only committee supporting it. But, as a result, we have called upon the Department of Defense, and more specifically the Secretary of the Air, to bring to Washington the B–2, the F–117, and other stealth systems, and they will be on display for private viewing on June 13, I believe, at Andrews.

This is part of our effort to convince our colleagues of the wisdom of supporting the B–2. I do not know how successful we will be, but we will try.

Captain Woerth.

STATEMENT OF CAPTAIN WOERTH

Mr. WOERTH. Thank you, Mr. Chairman.

My name is Duane Woerth and I am here today to present testimony from two perspectives: the first, as a commercial airline pilot who flies for Northwest Airlines; the second as an Air National Guard lieutenant colonel who voluntarily served in Operation Desert Shield and who is about to retire after 20 years of Active and Reserve duty, primarily with the Strategic Air Command.

Also, in addition to having been the chairman of the Northwest Pilots Master Executive Council, I am currently first vice president of the Air Line Pilots Association International.

CONTINUED PRODUCTION OF B–2 URGED

I am here to testify in favor of the continued production of the B–2 because of its technological advances that directly benefit commercial aviation. I will not repeat the details or the specific examples of the over 900 new materials and processes that were developed for the B–2, a truly astounding number.

Instead, I will focus on how these developments are absolutely vital to the commercial aviation industry of this Nation. First, on an historical note, it is important to remember that the American aviation industry's prominence after World War II did not happen by accident, nor was it our manifest destiny. It was a direct and predictable result of the U.S. commitment to military aviation supremacy through advanced technology that kept the United States on the leading edge.

This development and the production of advanced military aircraft resulted in our Nation's ability to lead the world in the development and production of commercial airliners as well. I am certain every member of the committee is very familiar with the fact that commercial airliner sales is one of the few remaining manufactured goods that contribute to the positive side of the U.S. balance of trade legislation.

The key point is simply this: the success and future of commercial aviation in the United States has been, and will continue to be, totally wedded to our ability to stay ahead of our foreign competition through technology, technology that has to this point come almost exclusively from defense appropriations.

What is at stake for commercial aviation? Everything, our entire future.

Several members of this committee are also on other committees who have heard my testimony in recent months over the disastrous state of the airline industry. While I have the opportunity to address you, other hearings are in progress right now dealing with the problems of aging aircraft, noise, fuel costs, maintenance costs, and airline safety in general.

The advances available to us from the B–2 program which Mr. Bofferding has mentioned go a long way to providing solutions to these various serious problems. The new, superlight but incredibly strong composite materials will make a significant difference in both fuel economy and structural integrity.

It must be noted that fuel economy is of gigantic importance to the airline industry. Savings of literally billions of dollars will accrue to our industry if our airliners can take full advantage of the advances offered by the B–2.

Noise pollution has also been solved by the B–2, and there is not one Member of Congress who is unfamiliar with aircraft noise controversies nationwide and, of course, right here at National Airport.

By embedding the engines within the flying wing itself, the B–2's four powerful engines provide an extremely powerful propulsion system that is truly revolutionary. Commercial aviation desperately needs to benefit from this breakthrough.

Mr. Chairman, as you well know, travel and tourism is a $2 trillion a year industry, the world's largest business, and commercial aviation is the prime supplier for that industry. Frankly, the U.S. leadership in commercial aviation is at a crossroads. Either we move forward with the technology provided by programs like the B–2 or we risk surrendering this vital industry to the Europeans and the Japanese, who are eagerly waiting in the wings for us to fail.

For those who would argue that we can derive the full spinoff benefits of the B–2 without actually producing it, I have one comment: rubbish. Every single military and commercial aircraft in use today has undergone numerous changes and improvements that came about because those aircraft were actually produced and flown in the real world environment. For this experience there is no substitute.

NEED FOR FUTURISTIC STRATEGIC BOMBER

Finally, I cannot conclude my military career, spent almost entirely in the Strategic Air Command, without replying to those who say the United States no longer needs a futuristic strategic bomber. I heard those same arguments in the 1960's when I was an ROTC cadet and throughout the 1970's and 1980's, and I am still hearing them in the 1990's.

I can only say that time has not improved that argument at all, and all of us who served on the Arabian Peninsula during Desert Shield and Desert Storm are very glad that the B–52 program was not halted three decades ago for the same arguments.

In conclusion, Mr. Chairman, it is readily apparent that much more is at stake in the B–2 procurement than simply another weapons system. American technological superiority in commercial aviation is at risk as well, and since commercial aviation is an integral and vital part of the infrastructure of this Nation, the stakes are very high indeed. Make no mistake. In this business technological superiority is the key to success.

Thank you, Mr. Chairman and members of the committee, and I will be happy to answer any questions you may have.

Also, the article that I included in my written submission on the advances of stealth technology in Airline Pilot Magazine I would like included in the record, please.

Senator INOUYE. It will be made part of the record.

Captain Woerth, on behalf of the committee, we thank you for many years of service to the military. We are most grateful for that.

As I have indicated, we will have tough sledding, but I think we will once again come through on the B–2. But with budgetary constraints as they appear to be and the demands, apparently, from the public, it is not going to be easy. But we will do our best.

Thank you, sir.

[The statements follow:]

STATEMENT OF CHARLES BOFFERDING

Mr. Chairman and Members of the Subcommittee on Defense Appropriations, I would like to thank the Subcommittee for providing me the opportunity to represent the views of our Union on the important subjects of America's commitment to technology, funding for technology and, in particular, the B-2 Stealth program.

My name is Charles Bofferding, and I am the Executive Director of the Seattle Professional Engineering Employees Association (SPEEA), a union representing over 27,000 professional and technical workers across America.

Last year in the closing days of the Congressional session we became aware of the controversy concerning the continued funding of the B-2 Bomber. We noticed that supporters of the B-2 based their arguments exclusively on the national security and treaty implications of the B-2. Opponents focused on the cost. All of this debate took place before the Middle East War. I suspect that today because of the demonstrated value of the tremendous technological superiority of American weapons and their ability to shorten a conflict and save lives, support for the B-2 should increase in this Congress.

However, the case for continued production of the B-2 program is strengthened considerably when one examines the larger technological issues. The implications of the B-2 were missing in previous Congressional debates. One of the most important justifications for the B-2 Bomber is its place in the historical development and implementation of technology in the American system and the enormous contribution that this program will make in terms of its commercial applications. The new techniques developed in the B-2 program, the miracle of the B-2's unique production process and contribution to the nation's technological base have never been given a public forum. (We appreciate the opportunity to shed some light on the real miracle of the B-2.)

For 10 years the B-2 was developed in secrecy as part of a complete defense package. The genius of American engineering was challenged as never before in responding to the requirements for stealth, range and payload on this Bomber, resulting in extraordinary design and manufacturing processes.

As an engineer who represents tens of thousands of employees with advanced degrees, as one familiar with the technology surrounding this aircraft, I would like to touch upon some of the elements of that technology and the implications of those developments of America's commercial aerospace industry. The development of the B-2 Bomber created over 900 new materials and processes. I will cite only a few.

First was the advance in composites. To meet the specifications required by the Air Force we had to develop materials that were lighter but stronger than traditional materials used in current military and commercial aircraft. Lighter weight provided fuel efficiencies needed for extended range. The composites not only provide strength, but avoid metal fatigue. Future planes made from composites will not fail as did the aluminum hull of the Hawaiian airline that disintegrated after years of use.

The Boeing Company is planning to employ composites in the tail assembly of its new 777 commercial aircraft currently under development. Many of the people who will build the 777 empennage acquired their skills on the B-2 program.

Second, new materials required new tools and manufacturing techniques, all of which had to be conceived and developed for the B-2.

High-speed machining of magnesium, aluminum and titanium parts, as well as the drilling of multi-material laminates, spawned the development of drilling equipment that automatically adjusts to changes in material hardness.

New techniques such as ion-gas "dusting" were developed for cleaning machined honeycombed parts, drastically reducing production time. Robotics were developed for drilling, inspection, fastening and coating of parts.

Third, like no other program in history, the integration of the thousands of components was accomplished through an elaborate network of computers that united in a common electronic database. This system allowed computer-aided design (CAD) and computer-aided manufacturing (CAM) to work together, by eliminating the language gap between them.

CAD/CAM permitted the B-2 assembly to be fabricated directly from an electronic database thereby eliminating master tooling altogether. The production time for tools was cut by more than 80%.

Engineers were able to unite wires, tubing and internal components in a "first fit" assembly. The normal "fit" problems due to engineering efforts were cut six times. Instead of the 40% - 60% error rate for military aircraft, the new techniques produced a 97% "first fit."

Fourth, prior to the first flight of the B-2, there was widespread speculation that the aircraft would not fly. The tens of thousands of technical workers who performed the unprecedented, computer-simulated tests prevailed over the doubting Thomases and the academic detractors. They were confident because of the extensive preflight computer-aided testing that took place:

24,000 hours of wind tunnel testing

40,000 hours of avionics evaluation

12,000 hours of flight simulation

6,000 hours of control test evaluation

In all there were more than 800,000+ hours of tests on component sub-systems.

While all this record-breaking development was taking place, the political climate for the defense budget in general, and the B-2 in particular, was distinegrating. Mounting criticism endangered the program forcing the industry to expose the development process to the public eye. The B-2 aircraft made its maiden voyage on the evening news. The plane that was shown to the public was the first one ever built, and it flew the first time.

The manufacturing technology advances resulting from this program are monumental. Design and manufacturing of future aircraft, automobiles and ships will benefit from the technology developed from the B-2. The program is a showpiece of American competitiveness, know-how and inventiveness and a testimony to the historical process which have given us the jet engine and the commercial satellite industry.

I would like to introduce another important element that I believe has not been stated in a public forum. That is, development continues during the production process. The benefits of the design and development phase have been substantial, but there are still many lessons to learn, workforces to be trained and significant advances to be gained from the full-scale fabrication and deployment phases ahead of us.

America's commitment to technology cannot be limited to design and engineering program phases only. A highly skilled manufacturing base is essential to complete the full technological picture. What value is technology if we don't have a skilled workforce to produce real marketable hardware? The lessons to be learned in deployment are also significant. It is only through extended use that newly developed materials can be demonstrated and proven to be safe for commercial use. It will take a lot of education to convince America's policy makers that we need to maintain our commitment to technology. The people most affected by that commitment, the engineers, technical workers and skilled laborers, are going to have to help in this process.

Until now American aerospace workers have not been players in the public policy arena. The average American worker does not read the Congressional Record and, as a consequence, is unable to protect themselves from the effects of declining legislative support for technology in America. We fear that misguided attempts to reduce "defense" spending will in fact cut the seed money essential to the development and maturation of the technologies and skills critical to this country's long-term economic well being. As our technological horizons diminish so will the vast array of high-tech products, capabilities and markets which have been the bedrock of America's industrial might.

Understand, I am not here today to argue in favor of the B-2 Bomber because of the jobs that it provides for American workers. Our vision extends beyond jobs. My purpose is to present the technical as well as the manufacturing considerations and to state for the public record their relationship to the skilled production workers who are part of this nation's infrastructure and economy. If we do not produce the B-2 in sufficient quantity and continue the development phase throughout the production process, we will have abandoned a process which placed us at the forefront of global technology. Individuals will lose much more than their jobs (in a viable economy other jobs can be found); they stand to lose their engineering and technical careers. America will lose its ability to complete with other industrialized nations who resolutely commit themselves to long-term technological advancement; other nations who will accept the economic and social benefits for their workers and citizens that we will deny to ours.

Again, I would like to thank you for this opportunity to testify on these critical issues at this critical time.

STATEMENT OF CAPT. DUANE E. WOERTH

My name is Duane Woerth. I am here today to present testimony from two perspectives. First as a commercial airline pilot who flies for Northwest Airlines; second as an Air National Guard Lieutenant Colonel who voluntarily served in Operation Desert Shield and who is about to retire after over 20 years of active and reserve duty primarily with the Strategic Air Command. Also, in addition to having been the Chairman of the Northwest Pilots Master Executive Council (MEC), I am currently First Vice President of the Air Line Pilots Association, International.

A majority of the airline pilots, who man the cockpits of the commercial airplanes that make up the heart of America's civilian air carriers, have traditionally come from the military. Such being the case, as military pilots we have observed first-hand the impact that state-of-the-art high-technology has had on American air power. We have come to rely on the technology and related developments in military aircraft, which ultimately appear in the commercial aircraft we fly.

Over the last few years, Northwest pilots have taken an interest in the development and production of advanced military aircraft. Northwest pilots elected representatives worked cooperatively with union leaders from other unions to support aerospace programs that employed engineers, technical and professional workers. Through our participation in the workforce coalition we came to appreciate the value of those engaged in the production of fighters, bombers, and transports. We support them because they are American workers who build the aircraft that we fly—both military and commercial. More importantly, we support them because they have provided us the technology and the tools that have given our airline industry leadership status in the world of aviation.

I am here to testify in favor of the continued production of the B–2 program. The R&D benefits of the B–2 program extend across several different fields of technology, many of which are of direct benefit to pilots such as aerodynamics, propulsion, structural materials and manufacturing.

In preparing our testimony, Mr. Bofferding, the executive director of SPEEA, and I shared a common data base with respect to those elements that went into the engineering and production of the B–2. In the June issue of the Air Line Pilot, ALPA's monthly magazine, we will be publishing an article discussing the technology embodied in the B–2 and the many benefits that will flow to commercial aviation from it. This article was included as part of my written submission to the committee.

I will not repeat the details or the specific examples of the over 900 new materials and processes that were developed for the B–2—a truly astounding number—instead I will focus on how these developments are absolutely vital to the commercial aviation industry of this nation.

First, it is important to remember that American aviation industry prominence after World War II did not happen by accident nor was it our manifest destiny. It was a direct and predictable result of the U.S. commitment to military aviation supremacy through advanced technology that kept the U.S. on the leading edge. This development and production of advanced military aircraft resulted in our ability to lead the world in the development and production of commercial airliners as well.

I am certain every member of the committee is very familiar with the fact that commercial airliner sales represent one of the few remaining manufactured goods that contribute on the positive side of the United States' balance of trade ledger.

The key point is simply this—the success and future of commercial aviation in the United States has been, and will continue to be, totally wedded to our ability to stay ahead of our foreign competition through technology. Technology that has, to this point, come almost exclusively from defense appropriations.

What's at stake for commercial aviation? Everything—our entire future. Several members of this committee are also on other committees who have heard much testimony in recent months over the disastrous state of the airline industry today.

While I have the opportunity to address you, other hearings are in progress right now dealing with the problems of aging aircraft, noise, fuel costs, maintenance costs and airline safety in general. The advances available to us from the B–2 program go a long way to providing solutions to these very serious problems.

The new super-light but incredibly strong composite materials will make a significant difference in both fuel economy and structural integrity. It must be noted that fuel economy is of gigantic importance to the airline industry. Savings of literally billions of dollars of fuel will accrue to our industry if our new airliners can take full advantage of advances offered by the B–2. Noise pollution has also been solved by the B–2. There is not one member of Congress who is unfamiliar with aircraft noise controversies nationwide and, of course, right here at National Airport.

By embedding the engines within the flying wing itself, the B–2's four powerful engines provide an extremely quiet propulsion system that is truly revolutionary. Commercial aviation needs to benefit from this breakthrough. As you well know, travel and tourism is a $2 trillion a year industry—the world's largest business. Commercial aviation is the prime supplier for that industry. Frankly, the United States leadership in commercial aviation is at a crossroads. Either we move forward with the technology provided by programs like the B–2—or we risk surrendering this vital industry to the Europeans and Japanese who are eagerly waiting for us to fall.

To those who would argue that we can derive the full spin-off benefits of the B–2 without actually producing it, I have one comment: Rubbish! Every single military and commercial aircraft in use today has undergone numerous changes and improvements that came about only because those aircraft were actually produced and flown in the real world environment. For this experience there is no substitute.

Lastly, I cannot conclude my military career spent almost entirely in the Strategic Air Command without replying to those who say the United States no longer needs a futuristic strategic bomber because of our missile arsenal and its capabilities. I heard these same arguments in the 60s when I was in ROTC, throughout the 70s and 80s and now the early 90s. I can only say that time has not improved that argument at all and all of us who served on the Arabian peninsula during Desert Shield and Desert Storm are glad the B–52 program was not halted three decades ago.

In conclusion, Mr. Chairman, it is readily apparent that much more is at stake in the B–2 procurement than simply another weapon system. American technological superiority in commercial aviation is at risk as well. Since commercial aviation is an integral and vital art of the infrastructure of this nation, the stakes are very high indeed. Make no mistake, in this business technological superiority is the key to success. Thank you, Mr. Chairman and members of the committee, I'll be happy to answer any questions you may have.

[From Air Line Pilot, June 1991]

STEALTH TECHNOLOGY SPINOFFS

By C.V. Glines

The question is worth asking. Will any spinoffs from the stealth bombers and fighters now being produced for the Department of Defense (DOD) benefit commercial aviation?

The answer is a strong affirmative in at least seven areas of technology. These advances will come about by introducing into aircraft manufacturing new techniques and materials that were needed to produce the low-radar-image military aircraft with an unprecedented precision of shape and dimension. Although the future of the B-2 stealth bomber and the F-117, YF-22, YF-3, and A-12 stealth fighters may be stifled because of defense budget restraints, cost overruns, and other problems, the lessons learned are already being put to good use to enhance nonmilitary efforts.

While commercial aircraft will probably never be designed deliberately to evade radar detection, Boeing, McDonnell Douglas, Lockheed, Airbus Industrie, and other plane manufacturers are closely studying other advances developed to manufacture the stealth aircraft as these companies plan to produce tomorrow's airliners and general aviation aircraft. These research and development benefits extend across many different fields of technology including aerodynamics, propulsion, manufacturing, and structural materials.

The biggest challenge that Northrop faced in developing the B-2 stealth bomber was ensuring that this unusual aircraft — essentially a tailless flying wing with smooth surface contours and unbroken mold lines — could actually be built in quantity. The doubts arose from the fact that the earlier F-117 stealth fighter was virtually a hand-built aircraft. When DOD awarded the contract for the B-2, the capabilities required for precision-tooling, fabricating, and manufacturing the larger B-2 didn't even exist. As a result, hundreds of new processes and new materials had to be developed.

Superplastics

One of the greatest advances has been in making "superplastics" for the radically new stealth bomber's metallic parts, such as engine covers and other heat-resistant parts. These are molded from titanium and aluminum alloys. The B-2 must be extremely sturdy to fly the required 10,000 miles with one midair refueling and to carry a bomb load of 40,000 lbs. Its strength comes from the largest titanium parts ever used on military or commercial aircraft. Using a technique that molds the brittle titanium at very high temperature so it becomes pliable and easy to shape, the process sharply reduces the number of rivets and other metal parts required. This, in turn, reduces the aircraft's radar image.

The secret is in the molding, called diffusion bonding, which allows titanium alloys to be formed into complex shapes. Large titanium sheets are put under pressure and forced onto long ceramic platens with heating elements that elevate the temperature to 1,650 degrees F. The autoclaves used to produce the large B-2 composite structures are believed to be the largest in the world.

The advantage is that complex shapes can be made without using a number of separate pieces. This reduces the assembly effort. Boeing is considering this process wherever titanium and aluminum parts will be needed in its new 777 jet transport.

Other advances have been introduced in the B-2 manufacturing process. For checkout and ground tests, the manufacturer has developed an automatic total aircraft test system. According to the Air Force, the B-2 takes advantage of modern test software. Through the use of a computer network and a variety of specialized ancillary test equipment, the time needed to check out an aircraft, including engine run and ramp testing, has been cut down.

Another example of advanced production techniques is the use of computer-aided theodolites, in conjunction with highly sophisticated final assembly fixtures, to achieve the required precision needed to mate the B-2's structural subassemblies. The production process is further enhanced by what Northrop calls its Materiel Resource Planning system, which is now being considered throughout the aerospace industry. This system, according to Northrop, provides "complete visibility of manufacturing assets [i.e. parts], from the bill of materials, through the order and release systems, to the shop floor and the eventual delivery of the aircraft."

Computer-aided design and computer-aided manufacturing (CAD/CAM), a powerful three-dimensional electronic engineering-design data base, has reinforced the manufacturing process. CAD/CAM has reduced costs and compressed development time. Northrop claims that "this system has been the key to our ability to produce the B-2 with far fewer problems and design iterations than would otherwise be expected. This has tremendously reduced the levels of scrap and rework in the production effort."

Other advances

Because the B-2's overall design contrasts sharply with that of most other aircraft and because many new composite materials were needed, concurrent advances were required in tooling design, inspection technology, and composite layup equipment. Producing parts with complex curvature has been improved through the use of computer software that controls tape-laying and other fabricating techniques. Through these advances, Northrop claims a 35 percent reduction in hand labor, lower overall cost, and improved parts quality. Lessons learned here will likely be applied to higher volume industries, notably commercial aircraft and automobiles.

The results that Northrop claims are impressive:

- No prototype of the B-2 was built first to prove its concept. The first one seen by the public was the first one built, and it flew without a hitch the first time.
- Despite the close tolerances required, scrap rate was a mere 4 percent.
- Most production tools were built without prototypes, and production time for making tools was cut 80 percent from the average time required for former aircraft.
- The number of fit and mating problems was reduced sixfold. A 97 percent first-fit success rate was achieved for parts in some of the aircraft's systems, compared to a typical 40 to 60 percent for military aircraft. The first B-2 airframe required only a small number of engineering changes — a dramatic reduction compared to other civil and military aircraft.

Other examples of new production technology used in the B-2 and other stealth aircraft programs include new types of composites capable of withstanding elevated temperatures, automated cutting and marking of composite raw materials, new technologies for applying various coatings used on aircraft parts, high-speed machining of complex electronic components, and adaptive drilling equipment for use on structures made up of two or more different types of materials.

Concern has been expressed in some quarters about the safety of the B-2 design, principally because of its all-wing configuration. Critics recall the stability problems of the Northrop YB-49A flying wing in 1948. However, that was long before the technical revolution brought about through computers. Computer-controlled flight controls have long since eliminated such difficulties. To ensure that the flight-control system is as safe as possible, the B-2 employs a "quad-redundant" system. Four computers "vote" whenever the pilot activates a control. According to the Air Force, "In the unlikely event that a catastrophic software 'bug' would simultaneously affect all four programs, the B-2 incorporates a separate software package prepared by a different team of programmers as a backup. To allow for future contingencies, the B-2 has a built-in 40 percent reserve in memory and processing capability to allow for growth once the plane is in service."

B-2 cockpit

The B-2's roomy cockpit, which at first glance resembles a modern commercial transport, is somewhat unique in that its windows give pilots about 200 degrees of wrap-around visibility. Each pilot has four CRT displays but no head-up display (HUD). Instead of a yoke, control sticks are installed; however, these are not sidestick controllers. The B-2 has only two crew members, both pilots, in contrast to the B-1, which has two pilots and a crew of four. The B-2's pilots sit side-by-side on ejection seats. The junior pilot sits on the left; the mission commander sits on the right and serves as the weapon system operator responsible for operating the plane's complex radar and electronic combat systems. Although both pilots can fly the aircraft, the gear can be operated only from the left seat.

First flight

The moment of truth for the B-2 came on July 17, 1989, when it made its first flight. By the time it was airborne, it was the most tested aircraft in aviation history. Its systems and components had undergone 550,000 hours of preflight testing. It had accumulated 24,000 hours of wind-tunnel tests and 44,000 hours of avionics testing, and its flight control system had been subjected to 6,000 hours of simulator tests. In addition, computer testing consumed 122,000 hours, flight qualification took 291,000 hours, and acceptance testing another 67,000 hours. Testing to refine and evaluate flight controls, cockpit avionics, and human factors took 16,000 hours.

Admittedly, the basic motivation for building stealth-type bomber and fighter aircraft — radar evasion — is not shared with other industries; that is, unless the auto industry decides to produce cars specifically to evade police radar. However, historically, commercial aviation has always benefited from advances in military aerospace research and development. As with the nation's space program, spinoffs from the B-2 will definitely benefit commercial aviation, although some may not be readily apparent for several years. Much of the breakthrough advances in weapons aboard stealth aircraft will necessarily remain classified, but tomorrow's airline pilots can count on flying aircraft whose basic design and production advances were born of the Cold War. ✈

B-2 R&D Benefits

Technology	B -2 advancement/significance	Other potential applications
Stealth	New radar-absorbing and composite materials, sensors, and other technologies for significant RCS reduction	Future military aircraft (ATF, ATA), ships, missiles, other combat vehicles
Aerodynamics	Flying wing design and advanced fly-by-wire flight controls for high aerodynamic efficiency	Aerospace designs requiring maximum range/payload and high maneuverability
Propulsion	Embedded engine inlet/exhaust with high performance and low noise	Future military/commercial aircraft
Design/ development	First-ever national-level 3-D database for extreme precision, speed, efficiency, lower cost, and high-fidelity digital simulation and testing	Large/complex design efforts (all future aircraft, ships, buildings, dams, bridges, electronic circuity, etc.)
Reliability/ maintainability	High-reliability materials, computer-based maintenance and repair capabilities and software/hardware configuration management	Large military/commercial systems requiring continuing maintenance (aircraft, ships, computer and communications networks, etc.)
Manufacturing	Numerous advanced materials processing methods developed to enable production of high-quality, high-precision materials with low waste and manpower intensity	Numerous other sectors of industry including automotive, construction, etc.
Structural materials	Development of large, strong, and light-weight metal/composite structures	Any large structure/system requiring low cost, light-weight structural materials (aircraft, ships, buildings, space systems, automobiles)
Electronic data fusion	Totally integrated cockpit with advanced avionics to reduce manpower requirements and crew workload and to enhance safety	All future military/commercial aircraft and space systems

STATEMENT OF DAVID R. FLETCHER, CRNA, MA, PRESIDENT, AMERICAN ASSOCIATION OF NURSE ANESTHETISTS

Senator INOUYE. Our next witness is the president of the American Association of Nurse Anesthetists, Mr. David R. Fletcher.

Mr. FLETCHER. Good morning. My name is David Fletcher. I am a certified registered nurse anesthetist, commonly referred to as a CRNA, and president of the American Association of Nurse Anesthetists, which I will refer to as the AANA. I am currently an assistant professor and clinical director of the University of Texas Health Sciences Center at Houston, Graduate School of Nursing, Program in Nurse Anesthesia. I am also a retired Air Force nurse anesthetist, having served a little over 20 years.

Mr. Chairman, the professional association that represents the over 24,000 CRNA's, the AANA, appreciates the help that you have given us in recruiting and retaining CRNA's. Our written testimony addresses in detail questions of manpower, promotions, practice, and education. My remarks today will highlight our specific recommendations for change in these areas.

SPECIAL PAY FOR CRNA'S

Several hundred CRNA's were proud to serve in the Persian Gulf conflict. However, a problem has arisen regarding special pay for those CRNA's who were in the category of reserved, retained, or recalled. The AANA has brought this problem to the attention of the committee and would appreciate the committee's help with the current inequity in Desert Storm special pay.

We have three recommendations in this area: First, legislation should be passed that would allow special pay for reserved, recalled, and retained CRNA's to be allocated retroactive to August 2, 1990, in order to provide equity with physicians and dentists;

Second, demobilization of military CRNA's should occur as expeditiously as possible;

And third, data should be collected by DOD regarding the mobilization, deployment, practice conditions, and demobilization of CRNA's in all the Persian Gulf conflict.

CRUCIAL CRNA SHORTAGE

There is a crucial CRNA shortage on the military. The authorized levels in three services for both Active and Reserve CRNA's total about 1,630, but the current actual levels for active duty and Reserve CRNA's total about 1,042.

One reason is pay. We recommend that the $6,000 incentive special pay for active duty CRNA's be increased to $10,000 per year for CRNA's with less than 10 years of service, $12,500 for people with 10 to 15 years' service, and $15,000 for those above 15 years of service. Consideration should also be given to awarding a bonus to CRNA's to encourage them not to retire once they have achieved 20 years of active service.

PROMOTIONS

Another major disincentive to remaining in the service is the slowness and limited potential for promotion. An AANA representative attended the recent DOD meeting on health care provider promotions that was suggested in last year's committee report language. We have offered five options regarding promotions to DOD.

For example, there could be an exemption from DOPMA grade constraints for all corps within the military medical departments. Another option is to secure an increase in O–4 through O–6 spaces from Congress for promoting nonphysician health professionals who remain in critical career tracks rather than choosing management.

PRACTICE ISSUES

Practice issues continue to be a concern, as evidenced by the March 1989 report prepared for Chairman Inouye by the GAO entitled "DOD Health Care; Issues Involved in Military Nurse Specialists." Also in April 1990, the DOD submitted to the Senate and the House Committees on Armed Services the congressionally mandated report on the military use of registered nurse anesthetists.

The report recognizes that problems do exist by stating:

The military services have not revised CRNA guidelines to reflect current DOD policy. Each service will be asked to address the concerns highlighted in this report: supervision, monitoring, and evaluation, scope of practice, and the granting of clinical privileges.

We have two practice recommendations: First, encourage each service to expeditiously address the concerns highlighted in the DOD's report on the military use of registered nurse anesthetists; second, require joint quality assurance reviews of anesthesia practice utilizing both CRNA's and anesthesiologists.

EDUCATIONAL DIFFICULTIES

Educational difficulties have been helped somewhat by the Health Professions Scholarship Grant Program for anesthesia nursing. In addition, we have three recommendations: First, the payback time for nurse anesthetist education scholarships should be calculated the same as it is for the training of anesthesiology residents and nurse anesthesia education should have co-equal priority for clinical teaching resources in our major military medical centers.

Second, partnerships between the military and civilian anesthesia educational programs should be encouraged further.

And last, funding should be available for additional military schools of nurse anesthesia education or the slots therefore.

I thank you for being allowed to present this testimony to you, and I will answer any questions that you might have.

Senator INOUYE. I am certain you are aware of the support CRNA's have received from this committee.

Mr. FLETCHER. We are and we appreciate it.

Senator INOUYE. And we intend to continue doing that. We are also not only aware, but are impressed by the professionalism of the CRNA's. We are well aware, for example, that more patients receive anesthesia through CRNA's than by anesthesiologists. Without CRNA's, we would be in deep problems here.

Mr. FLETCHER. We agree.

Senator INOUYE. So I can assure you we will do our best, sir.

Mr. FLETCHER. Thank you.

Senator INOUYE. Thank you.

[The statement follows:]

STATEMENT OF DAVID R. FLETCHER

My name is David R. Fletcher. I am a certified registered nurse anesthetist (CRNA) and the President of the American Association of Nurse Anesthetists (AANA). I am currently an assistant professor and clinical director at the University of Texas Health Science Center at Houston, Graduate School of Nursing Program in Nurse Anesthesia Education. I am also a retired Air Force nurse anesthetist, having held the rank of Lieutenant Colonel.

As the professional association that represents over 24,000 CRNAs, the AANA appreciates the opportunity to provide testimony regarding the shortage of CRNAs in the military and civilian communities, and make recommendations that we believe will help recruit and retain CRNAs within the military services. We are also very appreciative to this committee for the help that you have given us in trying to assist the Department of Defense (DOD) and each of the military services to recruit and retain CRNAs. Our testimony will address the following issues: Operation Desert Shield/Storm, manpower, pay, promotions, practice, and education.

OPERATION DESERT SHIELD/STORM

The Persian Gulf conflict officially began on August 2, 1990, and soon after that both CRNAs and anesthesiologists in the military were involved. While all the military CRNAs were proud to serve their country, those who were in the categories of reserve, retained, or recalled became distressed when an inequity arose in relation to special pay. Last year's reauthorization of the DOD (Public Law 101–510), signed on November 5, 1990, included a provision that extended the active duty physician and dentist special pay to physician and dentist reservists. CRNA, optometrist, and podiatrist reservists were excluded from that special pay provision. In addition, all health care providers who were retained or recalled were excluded.

However, these inequities were remedied under Public Law 102–25 and Public Law 102–27 which included special pay for reserve, recalled, and retained health care providers, including CRNAs. These two laws stated that the special pay provision shall apply "during the period beginning on November 5, 1990, and ending on the first day of the first month beginning on or after the date 180 days after the end of the Persian Gulf conflict." The CRNA special pay is based on the current $6,000 a year active duty CRNA bonus, but payments are to be prorated on a monthly basis. Therefore, CRNAs will be eligible to receive $500 a month additional special pay for each month involved in Desert Shield/Storm.

Unfortunately, in working with DOD to implement the new CRNA special pay, AANA was informed by DOD that they interpreted the original physician and dentist reservist special pay provision to apply retroactively to August 2, 1990. This interpretation is contrary to congressional intent to have all special pays, including physician and dentist reservists, be effective on November 5, 1990. Based on their misinterpretation, the DOD has already allocated special pay monies to physician and dentist reservists who were called up in August of 1990. However, the DOD informs the AANA that it will only allocate special pay monies to CRNAs beginning on November 5, 1990. The AANA brought this information to the attention of the committee and appreciates the assurance by the committee that this inequity in special pay will be remedied. The committee will assess whether it will be necessary to pass legislation that will also allow special pay for reserve, recalled, and retained CRNAs and other health care providers to be retroactive to August 2, 1990.

RECOMMENDATIONS

1. Legislation should be passed that would allow special pay for reserve, recalled, and retained CRNAs and other health care providers to be allocated retroactive to August 2, 1990, in order to provide equity with physicians and dentists.
2. Demobilization of military nurses, including CRNAs, should occur as expeditiously as possible.
3. In order to design effective future recruitment and retention incentives for CRNAs, data should be collected by DOD regarding the mobilization, deployment, and practice conditions of CRNAs involved in Operation Desert Shield/Storm.

MANPOWER

A February, 1990 Health Economics Research study, mandated by the congressional appropriations committees, reported a total shortage of 6,000 CRNAs for 1990, or a 13.6 percent shortfall. It further reported the need for 30,000 CRNAs by the year 2000, and over 35,000 CRNAs by the year 2010. There is also a CRNA shortage in the military. The authorized levels in the three services for both active duty and reserve CRNA forces total about 1,630; the current actual levels for active duty and reserve CRNAs total about 1,040.

PAY

Approximately seven years ago, once military CRNAs reached the grade of major with 12 to 14 years service, they could expect their salary and fringe benefits to match that of the average employed CRNA in the civilian workforce, who often had attained that level in 2–4 years. Due to significant increases in civilian CRNA income in the past few years, military pay and fringe benefits are no longer comparable to the average employed civilian CRNA. The mean gross annual salary for a civilian CRNA in calendar year 1988 was $61,432. The starting salary difference between a military and civilian CRNA is between $10,000 and $35,000 per year, depending on time in the Service and grade/rank.

Current reserve financial incentives for CRNAs include the testing of a $10,000 selected reserve recruitment bonus. The test has been conducted in certain geographic areas, not nationwide. While the above incentives help, the current $6,000

Incentive Special Pay for active duty CRNAs is insufficient, especially in light of the fact that anesthesiologists get up to $40,000 per year additional pay. In reality, increasing the CRNA Incentive Special Pay is much less expensive in the long run than contracting with civilian CRNAs for their services at a higher cost.

RECOMMENDATIONS

1. The $6,000 Incentive Special Pay for CRNAs should be increased to $10,000 per year for CRNAs with less than 10 years service, $12,500 for 10–15 years service, and $15,000 for those with above 15 years service. Consideration should also be given to awarding a bonus to CRNAs to encourage them to not retire after their 20 years of service. Periodic examination of the effect of these bonuses should be undertaken.

PROMOTION

While the issue of giving constructive credit for nursing experience and advanced nursing education for purposes of initial grade appointment has improved, the slowness and limited potential for promotion is a major disincentive to remaining in the service. Promotion is not only a recognition of excellence, it is a pay issue as well. A significant number of CRNAs are considering leaving the military because of inadequate and inequitable promotions.

The Senate Appropriations Committee report accompanying the fiscal year 1991 Defense Appropriations Act requested that DOD examine promotion policies of nonphysician health care providers. A report to the House and Senate Appropriations Committees is due in June, 1991. An AANA representative attended the April 25, 1991 DOD promotion meeting. We have also provided recommendations to DOD on this matter that deal with the process of officer evaluations, criteria for promotion, and promotion board instruction, as well as with current grade constraints. Options offered to the DOD include:

1. Exemption from the Defense Officer Personnel Management Act (DOPMA) grade constraints for all corps within the military medical departments.
2. Expansion of DOPMA exemptions to cover those nonphysician specialists whose practice overlap medicine.
3. Amend DOPMA to reflect two grade models: one for the line and one for the military medical departments based on unique needs.
4. Maintain DOPMA, but obtain an increase in 0–4 through 0–6 spaces from Congress for promoting nonphysician health professionals who remain in a clinical career track rather than moving into management.
5. Split the Nurse Corps Competitive Promotion Group into two subgroups for promotion selection, dividing promotion spaces equitably between the two groups. One group should include CRNAs, certified nurse midwives, nurse practitioners, and clinical nurse specialists and the other group should include all other nurses.

PRACTICE ISSUES

A March 1989 report to Senator Daniel K. Inouye (D-HI) by the General Accounting Office entitled "DOD Health Care: Issues Involving Military Nurse Specialists" included information on CRNA concerns about their scope of practice in military hospitals and the degree of anesthesiologist supervision required.

In April of 1990, the DOD submitted to the Senate and House Committees on Armed Services the congressionally mandated "Report on Military Use of Registered Nurse Anesthetists". The report described restrictions that DOD places on CRNAs. It noted that a 1983 DOD Directive 6025.2, "Nonphysician Health Care providers," that detailed requirements for physician supervision of CRNAs was rescinded in 1988. At the present time, the following three directives in the areas of quality assurance, licensure, and credentials provide the framework for health care policy in the DOD medical system: 1). DOD Directive 6025.13, "Medical Quality Assurance", 2) DOD Directive 6025.6, "Licensure of DOD Health Care Providers", and 3). DOD Directive 6025.11, "Health Care Provider Credentials Review and Clinical Privileging", which also specifies supervision and scope of practice requirements.

The report notes that DOD policy does not require direct supervision of CRNAs by anesthesiologists, nor does it restrict CRNA practice to selected procedures. Rather, it authorizes hospital commanders to make decisions about the level of independent care provided in military treatment facilities. AANA is concerned that in reality this often results in unnecessary supervision practice restrictions placed on CRNAs, as well as limited opportunities to maintain advanced clinical skills.

The report recognized that problems do exist by stating, "The Military Services have not revised CRNA guidelines to reflect current DOD policy as stated in DOD

Directives 6025.11, 6025.13, and 6025.6. An effort to update policy, clarify scope of practice, and enhance communication must be undertaken to resolve nurse and physician concerns, many of which seem to result from outdated or erroneous information. . . . Given the critical importance of this group of providers, the Assistant Secretary of Defense (Health Affairs) will direct each Service to expedite a joint review of guidance to improve the critical and cooperative working relationship of these two categories of patient care professionals. Each Service will be asked to address the concerns highlighted in this report: supervision, monitoring and evaluation, scope of practice, and the granting of clinical privileges."

RECOMMENDATIONS

1. Encourage each service to expeditiously address the concerns highlighted in DOD's "Report on Military Use of Registered Nurse Anesthetists".
2. Require joint quality assurance reviews of anesthesia practice, utilizing both CRNAs and anesthesiologists.

EDUCATION

The Health Professions Scholarship Program for Anesthesia Nursing provides financial assistance to professional nurses who are pursuing a master's degree in anesthesia nursing. The services all sponsor two general categories of nurse anesthesia training: (1) in-house programs conducted by the services, and (2) programs which fully fund, or provide financial assistance to, participants in nurse anesthesia programs conducted by civilian educational institutions. The DOD report on military use of CRNAs found that the number of participants in both categories of nurse anesthesia education programs sponsored by the military departments was 180 in 1990. After providing an explanation of current in-house capabilities of the Services, the report recommended against expanding current in-house capabilities.

RECOMMENDATIONS

1. The payback time for nurse anesthesia education scholarships should be calculated the same as it is for the training of anesthesiology residents, and nurse anesthesia education should have coequal priority for clinical teaching resources in major military medical centers.
2. Partnerships between the military and civilian nurse anesthesia educational programs should be encouraged, permitting students in civilian programs the opportunity to affiliate with a military hospital for a portion of their clinical anesthesia education.
3. Funding should be available for additional military schools of nurse anesthesia education.

STATEMENT OF PAUL L. HAZAN, CHAIRMAN, DEFENSE RESEARCH AND DEVELOPMENT POLICY COMMITTEE, INSTITUTE OF ELECTRICAL AND ELECTRONICS ENGINEERS—UNITED STATES ACTIVITIES

Senator INOUYE. Our next witness is the chairman of the Defense R&D Policy Committee of the Institute of Electrical and Electronic Engineers—United States Activities, Mr. Paul Hazan.

That is a long title, sir.

Mr. HAZAN. Mr. Chairman, members of the subcommittee, I appear before you today as chairman of the Defense Research and Development Policy Committee of the Institute of Electrical and Electronics Engineers—United States Activities, IEEE–USA, as the chairman has indicated.

The IEEE is the world's largest technical professional society, with nearly 250,000 U.S. members engaged in advancing a broad and growing range of electrotechnologies vital to the Nation's security and economic competitiveness.

U.S. DEFENSE TECHNOLOGY

Now, the impressive military operations in the Persian Gulf, Mr. Chairman, were attributable in good measure to the superiority and effectiveness of U.S. defense technology. The availability of this support technology was not an accident, but resulted from continuous and careful attention by the DOD and the congressional committees, including the Senate Appropriations Committee, over the years to ensure a steady stream of new technology from university, industry, and Government research and development laboratories.

This research and technology engine nurtured by the DOD has played a key role in providing the winning technology options to our military and could serve our Nation well in generating new technologies that will not only meet our future military requirements, but also enable our industrial base to retain and expand its competitive edge.

TECHNOLOGY BASE R&D UNDERFUNDED

For that reason, the IEEE–USA, Mr. Chairman, is concerned by the proposed fiscal year 1992 budget request of only $3.87 billion for DOD's technology base R&D programs, which represents a funding decrease when adjusted for inflation. Technology base funding represents barely over 1 percent of the total defense budget and less than 10 percent of defense R&D spending.

The defense technology base is increasingly indistinguishable from the national technology base. DOD must do its share to sustain that technology base if our defense systems are to remain second to none.

Therefore, the IEEE–USA recommends that Congress provide most sustained increases, after inflation, for DOD's technology base programs.

NATIONAL SECURITY DEPENDENT ON ECONOMIC SECURITY

National security is increasingly bound up with issues of economic security and the ability to compete in world markets. To promote the continued economic security of the United States, the IEEE–USA supports efforts to leverage the Federal investment in R&D by targeting so-called dual-use technologies which contribute both to U.S. national security and economic competitiveness.

The Department of Defense increasingly utilizes commercial products and processes to satisfy military needs, in part because defense systems are increasingly reliant on the same basic technologies used in commercial and consumer equipment, particularly in such areas as electronic devices, computer hardware and software, including supercomputers, materials, and manufacturing technology.

DOD is no longer the dominant customer it once was for advanced technologies. It is thus increasingly dependent on commercial market technology drivers.

This dependence creates several problems for the DOD in meeting its special performance and logistical needs in a cost-effective and reliable manner. Furthermore, suppliers of critical DOD products and services are increasingly found overseas and may not be dependable in times of crisis.

GROWING DEPENDENCE ON FOREIGN SOURCES

DOD's growing dependence on foreign sources is due, at least partially, to the loss of U.S. technological competitiveness in the international marketplace. Moreover, the trends indicate that the situation will worsen unless policies are enacted to assist U.S. industry in regenerating a viable industrial and business base in the manufacture and sale of dual-use products and processes, such as dynamic computer memories, semiconductor processing production equipment, numerically controlled machines, large-scale integrated circuits, disk drives, and computer peripheral equipment.

These policies are needed to encourage and stimulate the development of U.S. technology in dual-use areas and to encourage and stimulate the transfer of technology into commercial applications having a broad and economically self-sustaining consumer base.

DOMESTIC TRANSFER OF TECHNOLOGY

In order to enhance the domestic transfer of technology funded by the DOD, the IEEE–USA is suggesting five recommendations in our written statement, Mr. Chairman. The IEEE–USA also supports cooperative research as an important mechanism for technology development and transfer.

We recommend that Congress encourage the creation of industry-sponsored consortia, on the model of the highly successful Semiconductor Research Corp., which is 90-percent industry funded, to conduct educational research in fields such as magnetics and other critical technologies.

In conclusion, the IEEE–USA believes that defense technology base funding, dual use technology, and technology transfer programs play an essential role in sustaining the U.S. industrial base and economic competitiveness, as well as national security.

As the defense budget is restructured, we urge Congress to increase its support for these highly leveraged and critical areas.

I want to thank the committee for this opportunity to present the views of the IEEE–USA on the fiscal year 1992 budget appropriation for the defense technology base and would be happy to answer any questions.

Senator **INOUYE**. Thank you very much, Mr. Hazan.

We would like to spend more for research and development, but, as you are aware, we are by law restrained by the budget. I think it should be noted that in the case you cite it is true that there is a reduction when inflation is factored in, but the reduction I believe is about one-half of 1 percent. When you consider the reductions required in other aspects of DOD, one-half of 1 percent is, I believe, about the smallest reduction that you will find in the whole budget.

I think we will be lucky if we can keep it at that level. We will do our best.

Mr. **HAZAN**. Thank you, Mr. Chairman.

Senator **INOUYE**. Thank you.

[The statement follows:]

STATEMENT OF PAUL L. HAZAN

Mr. Chairman, Members of the Subcommittee, my name is Paul Hazan, and I appear before you today as Chairman of the Defense Research and Development Policy Committee of the Institute of Electrical and Electronics Engineers-United States Activities (IEEE–USA). The IEEE is the world's largest technical professional society, with nearly a quarter of a million U.S. members engaged in advancing a broad and growing range of electrotechnologies vital to the nation's security and economic competitiveness.

In my testimony today, I am pleased to present the IEEE–USA's views on the Administration's FY 1992 budget request for the Department of Defense's (DOD) research and development programs which sustain our technology base. I will also offer recommendations which reflect the growing importance of investment in dual use technologies and effective technology transfer by DOD.

DEFENSE TECHNOLOGY BASE FUNDING

The impressive military operations in the Persian Gulf were attributable to our country's attention to the many key aspects and details of fielding superior military personnel and equipment. Our training and dedication to upgrading the capabilities of our military personnel played a major role. Also, applying the latest technology and continually upgrading the performance of our military equipment with new technology was a significant contributor to our success. The IEEE–USA is especially proud of the major technological contributions of electrical, electronics, and computer engineers to the performance of electronic systems dramatically demonstrated in Operation Desert Storm.

Availability of this support technology was not an accident but resulted from continuous and careful attention by the DOD over the years to insure a steady stream of new technology from university, industry, and government research and development laboratories. This research and technology engine nurtured by the DOD has played a key role in providing the winning technology options to our military and could serve our nation well in generating new technologies to not only meet our future military requirements but also enable our industrial base to retain and expand its competitive edge.

For that reason, the IEEE–USA is concerned by the proposed FY 1992 budget request of $3.87 billion for DOD's technology base R&D programs, which represents a funding decrease when adjusted for inflation. The request mirrors planned reductions in overall defense expenditures in light of political changes in the Soviet Union and Eastern Europe. As the overall budget continues to decrease there will undoubtedly be disproportionate pressure within the DOD to cut technology base funding despite the fact that it represents just over 1 percent of the total defense budget and less than 10 percent of defense R&D spending.

The IEEE–USA's concern reflects two fundamental truths concerning the importance of DOD's investment in technology base R&D:

(1) As the defense budget decreases, the resulting smaller force structure coupled with the demand for greater flexibility in mission capability will increase our reliance on technology. Investment in the technology base is essential to assure the technological capability needed to meet uncertain security needs of the future.

(2) The defense technology base is increasingly indistinguishable from the national technology base. As a major consumer of technology and of science and engineering manpower, DOD must do its share to sustain that technology base.

Therefore, the IEEE–USA recommends that Congress provides modest sustained increases (after inflation) for DOD's technology base programs.

DUAL USE TECHNOLOGY

In today's complex and interdependent world, national security is increasingly bound up with issues of economic security and the ability to compete in world markets. To promote the continued economic security of the U.S., the IEEE–USA supports efforts to leverage the federal investment in R&D by targeting dual use technologies which contribute to both U.S. national security and economic competitiveness.

In that light, IEEE–USA is encouraged by initiatives mandated in the FY 1990 and FY 1991 defense authorization acts which help to promote dual use technology including the liberalization of Independent Research and Development (IR&D) funding rules; the issuance of the first biennial report of the National Critical Technologies Panel which serves to identify critical dual use technologies; and, the establishment of a National Critical Technologies Institute. We urge Congress to continue to support these initiatives and to adequately fund DOD R&D programs which invest in the development and effective transfer of dual use technologies.

One important aspect of the dual use technology equation is defense use of commercial technology. The Department of Defense increasingly utilizes commercial products and processes to satisfy military needs in part because defense systems are increasingly reliant on the same basic technology used in commercial/consumer equipment, particularly in such areas as electronic devices, computer hardware and software (including supercomputers), materials, and manufacturing technology. DOD's growing reliance also reflects the fact that defense expenditures are no longer sufficient to sustain the required dynamic industrial base by relying solely on a narrow defense focus. Accordingly, DOD is no longer the dominant customer it once was for advanced or matured technologies. It is thus increasingly less able to dictate product specifications and must depend on other market technology drivers.

This dependence creates several real and potential problems for the DOD in meeting its special performance and logistical needs in a cost-effective manner (an issue of growing importance as the DOD budget decreases in real terms). Chief among these are: the short, commercial life cycles of some product elements, particularly electronic devices, reduces the long term availability of these elements to support DOD logistical requirements; suppliers of critical DOD products and services are increasingly found overseas and may not be dependable in time of crisis; and DOD's growing dependence on foreign sources is due, at least partially, to the loss of U.S. technological competitiveness in the international marketplace. Moreover, the trends indicate that the situation will worsen unless policies are enacted to assist U.S.-based industry in regenerating a viable business base in the manufacture and sale of dual-use products and processes such as DRAM's, semiconductor processing production equipment, numerically-controlled machines, large scale integrated circuits, and floppy-disk drives. These policies are needed to encourage and stimulate the development of U.S. technology in dual use areas and to encourage and stimulate the transfer of technology into commercial applications having a broad and economically self-sustaining consumer base.

In addition, we note with some concern that many U.S. firms that currently support both commercial and DOD needs are withdrawing from the defense market due to the complex procurement procedures and increasingly burdensome legal requirements. Accordingly, we urge Congress to encourage the DOD to develop standards and adopt procurement regulations which facilitate the use and transfer of dual use technologies.

TECHNOLOGY TRANSFER

The IEEE–USA strongly supports effective transfer of federally-funded technology to the commercial sector to promote U.S. competitiveness. The U.S. makes an annual federal investment of about $70 billion in research and development, of which approximately 60 percent is for defense-related activities. Legislation currently in place such as the Bayh-Dole Act of 1980 and the Federal Technology Transfer Act of 1986 makes possible domestic technology transfer from federally-funded colleges and universities, federal laboratories, and federally funded research and development centers. These organizations receive almost half of the total federal research & development investment.

The Executive Branch and its departments have made significant efforts to promote technology transfer and implementation of the legislation. An executive order was issued in April 1987 designed to implement the Technology Transfer Act of 1986. Interagency forums such as Department of Commerce-chaired Interagency Committees and the President's Council on Competitiveness Working Group on Technology Transfer have been formed to provide mechanisms for coordination and policy development. Despite these efforts, however, implementation by the Executive Branch remains uneven and laboratories and universities have not fully availed themselves of the opportunities provided under current law.

In order to enhance the domestic transfer of technology funded by the DOD, the IEEE–USA recommends that Congress:

1. Encourage the Department of Defense to take a strong leadership role in implementing existing technology transfer legislation in a consistent and expeditious manner.
2. Promote means of ensuring that technology transfer is an integral part of all R&D planning, budgeting, and program execution, with input from the private sector throughout these processes.

3. Encourage the Departments of Defense and Energy to promote technology transfer across the full spectrum of defense-related research, development, test, and evaluation activities.

4. Promote increased knowledge and accessibility of federally-funded expertise and technologies. A strengthened and expanded Federal Laboratory Consortium should be part of this effort. Congress should also recognize and encourage the efforts of universities to avail themselves of transfer opportunities provided under current law.

5. Fill an omission in the current technology transfer regime by passing legislation to allow copyright protection of software developed in federally-funded cooperative research and development agreements.

While the legislation noted above serves to promote technology transfer from universities and federal laboratories to industry, little attention has been paid to transfer of application specific technology developed with government funding by industrial contractors. Although technology developed for specific military applications may be considered to have been transferred when the development is done by such an industrial contractor, that is not necessarily the case. Self constraints on industry may inadvertently prevent transfer of unclassified technology for use in commercial sector applications. Moreover, transfer of such technology may also be discouraged by constraints placed upon the contractor by the government.

Effective reform requires an understanding of the constraints and barriers to technology transfer encountered by industry. Therefore, the IEEE–USA also recommends that Congress encourage review and analysis of existing barriers to transfer of dual use technologies. The goal of such a review would be to develop a set of balanced, concrete, and acceptable recommendations for changes in current regulations and/or practices which will favor domestic transfer of technology for new commercial applications. The establishment of vertical consortia to develop dual use technology products may be one approach. The IEEE–USA Defense RED Policy Committee is currently investigating the feasibility of undertaking such a review and would be pleased to offer its insights and findings to Congress at a future date.

THe IEEE–USA also supports cooperative research as an important mechanism for technology development and transfer. We recommend that Congress encourage the creation of industry sponsored consortia, on the model of the Semiconductor Research Corporation (SRC), to conduct educational research in fields such as magnetics and other critical technologies.

CONCLUSION

In conclusion, the IEEE–USA believes that defense technology base funding, dual use technology, and technology transfer programs play an essential role in sustaining the U.S. industrial base and U.S. economic competitiveness as well as national security. As the defense budget is restructured, we urge Congress to increase its support for these highly leveraged and critical areas.

I want to thank the committee for this opportunity to present the views of the IEEE–USA on the FY 1992 budget appropriation for the defense technology base. The IEEE–USA and its Defense R&D Policy Committee stand ready to assist you as a resource for technical advice and policy perspectives on the DOD's research and development programs.

STATEMENT OF DAVID JOHNSON, PH.D., EXECUTIVE DIRECTOR, FEDERATION OF BEHAVIORAL, PSYCHOLOGICAL, AND COGNITIVE SCIENCES

Senator INOUYE. Our next witness is the executive director of the Federation of Behavioral, Psychological, and Cognitive Sciences, Dr. David Johnson.

Dr. Johnson, welcome, sir.

Dr. JOHNSON. The federation thanks the subcommittee for this opportunity to discuss the proposed fiscal year 1992 appropriation for basic research at the Army Research Institute for the Behavioral and Social Sciences, the Office of Naval Research Cognitive and Neural Sciences Division, and the Air Force Office of Scientific Research Life Sciences Directorate.

The budgets we bring to your attention are a small slice of the defense budget. The combined request for extramural behavioral research for these three divisions comes to only $40.7 million, or about 1¹⁰⁄₁₀₀₀ of the defense budget.

SIGNIFICANCE OF BASIC BEHAVIORAL RESEARCH

What makes these programs significant is that they generate the knowledge base that underlies three ongoing efforts within the Defense Department. This research provides the scientific base for programs to improve the performance of military personnel, that identifies design features of military equipment that will make the equipment more usable by human beings, and these programs provide the research that makes it possible to replace people with machines in some routine, repetitive, or dangerous functions, that allows personnel to be redeployed to more complex or less dangerous activities.

What we want to argue here today is that this basic behavioral research is so fundamental to the efficient functioning of the Army, Navy, and Air Force that, if anything, it should be expanded as other parts of the DOD budget shrink. In fact, we believe the Defense Department should not only expand the 6.1, or basic behavioral research program, but should also develop stronger 6.2 and 6.3 programs, so that the results of basic research may be applied more rapidly.

HOW TO DO MORE WITH LESS

Why do we make this argument? The reason is that when you get right down to it, the practical purpose of this research is that it tells us how to do more with less. It tells us how to use personnel more effectively as well as more efficiently. It tells us how to make equipment that people can use, and it tells us how to replace people with machines wherever possible, so that humans can be used for those activities in which they really are irreplaceable.

There are many open questions about our future defense needs, but at this point it seems clear that the Defense Department will be challenged for the foreseeable future to do more with less. Basic behavioral research is fundamental to meeting that challenge.

CONTRIBUTIONS OF RESEARCH

What improvements does this research contribute to military operations? For the Air Force, it has led to cockpit instrument displays that provide the right information at the right time and in a form that makes it most usable to the pilot. It helped to discover and correct perceptual distortions caused by night vision goggles that were causing pilots to crash their aircraft. And it has led to training programs and training equipment for air traffic controllers, for electronics technicians, and pilots that turn out graduates who perform as well as experts who have been on the job for several years.

For the Navy, this research has led to the design of parallel processing circuitry that will increase computer speeds, allowing computers to solve more and more complex problems in a shorter and shorter time. Other behavioral research is helping the Navy figure out how to detect ultraquiet submarines.

For the Army, this research helped to design the tank simulators and training programs that turn out today's U.S. tank crew. The Army research program is also helping to improve battlefield command and control through basic research on group judgment and decisionmaking under highly stressful conditions.

NEW RESEARCH IMPERILED BY BUDGET CUTS

The President's budget request for the three programs we have been discussing does not suggest appreciation for the role this research plays in solving a host of personnel-related military problems. The $3.7 million that is requested for the Army Research Institute for the Behavioral and Social Sciences actually is a substantial cut in funding because internal overhead costs that were once paid out of nonresearch money must now be taken from the research budget.

Just to maintain current services, this Office must have a budget of $5.2 million, and a budget of $7 million will be required if any new research is to be undertaken without terminating current contracts.

The request for the Cognitive and Neural Science Division of ONR is $14.1 million, an increase of less than 2 percent from fiscal year 1991. This will require a cutback in research, since the increase will not be sufficient to compensate for inflation.

Despite the congressional interest in increasing ONR research on judgment and decisionmaking following the *Vincennes* incident and continuing through a series of shipboard accidents, two proposals for research initiatives in this area failed to be funded at ONR. That will likely continue to be the case under the current economic request.

The AFOSR Life Sciences request is $23.3 million. It is the only budget of the three that is likely to keep pace with inflation.

We understand the constraints on the whole Federal budget and on the defense budget in particular. Nevertheless, we believe that these research programs regularly find ways to save money by improving personnel efficiency and effectiveness, and we hope the subcommittee will look favorably on these programs and do whatever it can to see the programs have adequate funding to fulfil their mission.

We thank the subcommittee for the opportunity to present our views.

Senator INOUYE. We will study your recommendations very carefully.

I was quite interested in one of your contentions. It is my understanding that research R&D funding is available for 2 years, 2 fiscal years, but you indicate that they are required to return unexpended funding at the end of 1 fiscal year?

Dr. JOHNSON. That is what I am told by the people who run these programs, and it has become a problem for them because researchers do not use money in quite the same way that some other programs do.

Senator INOUYE. Would you tell those researchers to send us a memo on that, because if that is the case DOD is not following their own rules. So we will look into it.

Dr. JOHNSON. I will ask them to do that.

Senator INOUYE. It will be very helpful.

Dr. JOHNSON. Mr. Chairman, the American Psychological Association has expressed a desire to associate itself in the official record with my remarks. I am requesting, therefore, that the statement which I am submitting for inclusion in the record be received as cosponsored by the Federation of Behavioral, Psychological, and Cognitive Sciences and the American Psychological Association.

Thank you.

Senator INOUYE. Thank you very much, sir.

[The statement follows:]

STATEMENT OF DAVID JOHNSON, PH.D.

The Federation thanks the Subcommittee for this opportunity to discuss the proposed fiscal year 1992 appropriation for basic research at the Army Research Institute for the Behavioral and Social Sciences, the Office of Naval Research Cognitive and Neural Sciences Division, and the Air Force Office of Scientific Research Life Sciences Directorate.

The budgets we bring to your attention are a very small slice of the defense budget. The combined request for extramural research for these three departments comes to only $40.7 million or about 1 ten-thousandth of the defense budget. That is how much is spent by the Department of Defense to carry out basic research related to the performance of the human beings who make up the armed forces.

Over the years, these dollars have led to a host of useful applications. The dollars weren't used to manufacture aircraft cockpits, but they paid for research that told engineers how to modify the cockpits so that they would be easier for pilots to use. They didn't create night vision goggles, but they identified, and therefore helped to correct, the perceptual distortions that were causing goggle wearers to crash their aircraft when they tried to land. These research dollars didn't build the flight and tank simulators that now train pilots and tank operators, but they did pay for the science that made it possible to design effective training protocols. They, in effect, turned the simulators from fancy machines into training devices. And they have done the same for air traffic control simulators. Today the dollars are not building state of the art computers, but they are paying for the neural network research that underlies the circuitry of the parallel processors that allow those computers to function. They are not building high definition televisions, but they are paying for the perception research that tells the engineers what the human eye is capable of perceiving. In short, the dollars that have been spent on basic behavioral research have not paid for the hardware that is often the most visible manifestation of national defense. The dollars have just made it possible for human beings to use the hardware. Unfortunately, that service has not had high priority at DOD with the result that the sciences providing the service have been supported at modest levels.

This year the funding requests for all three of these offices reflect basically the same pattern. That is, funding is held to a current services level. The requested appropriations may recover the cost of inflation, but they are no growth budgets. In fact, at ARI, because of internal management changes, the requested budget represents a cut in funding. The result of the requested appropriations will be that the possibility of funding new research will arise only when current research contracts expire.

It is true that the DOD budget is shrinking in many ways, and the pattern of funding for basic research is not inconsistent with that general pattern. The policy question at issue here, however, is should basic research be treated like any other area of defense? We would like to argue that basic science has certain characteristics that justify its growth at a time when support for other activities are shrinking. The shrinkage we see now in DOD is a response to a current situation in which the country is unable to afford continued large-scale growth in military spending and the country representing the major threat to our security has grown weaker because of its own internal problems. What we do not know is what the future will bring. A year ago at this time most of us thought the possibility we would fight a war with Iraq, or any other country for that matter, was remote. It is possible that the threat to our security will diminish. It is also possible, as the Persian Gulf war suggests, that only the nature of the threat will change.

The utility of basic science is that it forms the knowledge base that prepares us for any eventuality. The applications of basic science are not realized for anywhere from 7 to 20 years after the initial research was done. To shrink basic research now as though it were just another activity of DOD is literally to limit what will be possible in the future. Limiting basic research limits future options. We believe that, given the uncertainty of the future, it makes sense not to shrink basic research now. If anything, it makes sense to expand it.

And that is certainly the case with basic behavioral research. The size of our professional military force is certainly being reduced. With fewer people to do the job, expertise becomes more of a premium. Training programs must be good enough to assure that the trainee emerges an expert at his or her task, not a sophisticated novice as is often the case today. More routine tasks will need to be performed by machines. But if those machines are to fill their niche successfully they will have to be designed so as to interact easily and efficiently with the human beings who are left. Research tells us how to build such machines. As these machines make it possible to accomplish tasks more rapidly, the speed of actions on the battlefield will continue to increase. In the Persian Gulf war, for example, friendly fire killed Americans in part because in the chaos of the battlefield it was difficult for pilots flying at hundreds of miles per hour to distinguish U.S. from Iraqi tanks. The human perceptual system was not made to work at that speed. That being the case, effective command and control on the battlefield have become more and more important. It is one of the ways we can compensate for our physical limitations. Basic research on decision making, on perception, and on human factors in human-machine interaction make improvements in command and control possible. The prudent course to pursue at this time is to enable a modest but steady expansion of basic behavioral research. This is the best way to assure that answers to future pressing needs will be available when those answers are needed.

Let me take a moment to say a word about each of the three research departments that are the focus of our concern. The request for the Army Research Institute for the Behavioral and Social Sciences is $3.7 million. That would have been a sufficient amount to continue current services except that in addition to its basic research function, ARI is charged with administering several other offices for the Army. For example, it administers the Army office in England that coordinates joint research activities with allied European governments. In the past, the cost of administering these programs had not been charged to the research account. Now those costs must come out of the research account. We urge the Subcommittee to add $1.5 million to the ARI research account to regain the research capability that was lost by this change in procedures. We understand the state of the budget at this time and will not ask for more. But we would point out that at the current level of funding, ARI must forego a good deal of research that its officials deem worthy and necessary. A budget of $6 million for this department would make it possible for ARI to pursue the work that it feels is necessary to the accomplishment of its mission.

ARI is faced by a second problem that also is of concern at ONR and AFOSR. Several years ago, it became the policy of DOD to take back from money from departments that had unexpended resources as the fiscal year neared its close. The policy has been unfair to research departments because it is routine in those departments to expend the bulk of resources between the third and fourth quarters of the fiscal year. That happens because research labs take a certain amount of time at the beginning of a grant or contract to prepare to carry out the research. The research and analysis of results is then actually carried out near the end of the annual funding cycle. As I mentioned, the applications of basic research are not realized for years after the research is completed. It is trivial in that context that research contract money tends to be expended at the end of a fiscal year rather than steadily throughout the year. Research should not be penalized by a policy that really does not take account of the cycle that is routine to research. We would hope that the Subcommittee in report language could urge DOD to exempt research programs from this general policy.

The budgets at the Office of Naval Research and the Air Force Office of Scientific Research are not facing quite the pressures faced by ARI. But it should be pointed out that despite stated Congressional interest in human factors issues following the *Vincenne's* shooting down of an Iranian passenger plane several years ago, two internal proposals to place emphasis on research in decision making under stress have been turned down at ONR. There have been many well publicized instances of accidents that have occurred aboard naval vessels, and most often the source of the accidents have been human error. There is clearly a great need to do the research that will lead to the reduction of disastrous human errors by naval personnel. The Office of Naval Research is the place where such work is done. We are not going to ask the Subcommittee to increase this budget or the budget for Life Sciences at AFOSR. But we do ask that no less than the $14.1 million and $23.3 million requested for 6.1 behavioral research at ONR and AFOSR, respectively be supported by the Subcommittee.

Let me end our testimony by relating an incident that shows the utility of DOD sponsored behavioral research and by mentioning just one of the essential areas of research that cannot now be supported at AFOSR because funds are lacking. Recently ONR funded research on how the speed and efficiency of operators is influenced by the arrangement of their computerized work stations. A major telephone company happened to be considering the large purchase of new work stations heard about this research and asked the investigator to look at how the efficiency of phone company personnel would be affected by the contemplated hardware change. It turned out that the new work stations would have drastically slowed the efficiency of operators. They estimated that the decision not to make the change to the new work station saved the company $100,000,000. The moral of this story is that because the Navy has not taken its own basic behavioral research seriously enough, it has failed to exploit the opportunities presented to it by that research. The Navy would work better if it funded more basic behavioral research and if it had a well developed program to carry that research from the 6.1 level to application at the 6.3 level.

Let me end by saying a word about something AFOSR ought to be doing now but cannot do because of funding limitations. The armed forces is made up of groups of people whose interrelated actions bear heavily on one another. All branches of the service have supported research to understand the dynamics of human interactions in controlled laboratory settings. And that research has been valuable. It has told us a lot about how people work together. What cannot be done well in the laboratory is the examination of complex human interactions—the kind that occur in everyday life. Effects that can be studied in a laboratory because other variables can be controlled sufficiently to allow the effect to come through may work very differently in natural settings than they do in the laboratory. The next step in group dynamics research is to understand how people interact and why they interact as they do in natural settings. Laboratory studies offer a number of tantalizing leads, but until those leads are followed up by field research, that is, by research in the real world, scientists will not be able to generate the most reliable—and useful—understanding of the dynamics of group processes. If understanding of this area could be unlocked, the applications of the knowledge would have far reaching effects not only on military organization, but on the organization of civilian groupings such as corporations as well. As the defense budget shrinks, it is wise for the armed services to invest more money in basic as well as applied behavioral research. It is among the best ways the armed services have easily at hand to assure that they will be prepared for the future. Thank you for this opportunity to present our views.

STATEMENT OF HOWARD P. CUPPLES, M.D., ON BEHALF OF THE AMERICAN ACADEMY OF OPHTHALMOLOGY

Senator INOUYE. Our next witness is a representative of the American Academy of Ophthalmology, Dr. Howard P. Cupples.

Dr. Cupples.

Dr. CUPPLES. Mr. Chairman, members of the committee, I am Dr. Howard Cupples, director of the Resident and Vitreous Service and associate professor of ophthalmology at Georgetown University. I am pleased today as a member of the American Academy of Ophthalmology to represent the Nation's 18,000 practicing ophthalmologists in discussing our concerns about the delivery of eye care at the Department of Defense.

Prior to my joining the faculty at Georgetown University, I served for 21 years in the U.S. Navy, during which time I gained a great deal of experience, both clinical and administrative, in the military health care system. My assignments included serving as chairman of ophthalmology at the Naval Hospital in Bethesda, MD, and as ophthalmology consultant for the Surgeon General of the Navy. I retired in 1985 as the Executive Officer of the Naval Hospital, San Diego, CA.

Let me first state that the academy was founded on the basis of promoting quality medical eye care. I would like to express ophthalmology's interest in working with the committee and the Department of Defense in an effort to ensure that military eye care is of the highest quality. It is our view that the care provided to active duty military personnel and their families should in no way be substandard to the care delivered to the civilian population. We believe that the patient's welfare should be the foremost consideration and that the eye care teams, composed of the health care professionals with diverse educational backgrounds and training, enhance both quality and cost effectiveness of care.

OPTOMOTRISTS AS MEMBERS OF EYE CARE TEAM

The academy recognizes the important role that optometrists play as a member of the eye care team. In a well-rounded clinic, all members of the clinic can interact with the ophthalmologist, who is the individual with the knowledge and medical training necessary to efficiently coordinate all elements of eye and medical care in the best interest of the patient.

This type of coordination improves the quality and cost effectiveness of eye care by avoiding unnecessary tests and visits. The patient's needs are evaluated in accordance with a model of medical diagnosis and assessment, with each team member contributing his own well-respected skills and value to the total management of the patient.

EYE CARE SYSTEM CHANGES QUESTIONED

It is the education and specialized training of the average ophthalmologist that underscores the concern that the academy has with recent changes made in the Department of Defense eye care system which we do not believe are in the best interests of the patient.

In fiscal year 1988, language establishing a demonstration project at Tripler Army Medical Training Center in Hawaii was included in the Department of Defense appropriations report and adopted in the final report. The demonstration established optometry as a separate service from ophthalmology.

The following year, language was included in the conference report which expanded the separate optometric service in each branch of the armed services. The fiscal year 1990 Department of Defense appropriations conference report, without benefit of a thorough evaluation of the original demonstrations, required that optometry be made a separate service in all major military medical treatment centers by the end of the fiscal year.

I would like to comment briefly concerning some of the reasons why the academy is so strongly opposed to this mandated separation of optometry from ophthalmology service. No. 1, the potential duplication of resources and personnel. This separation will involve duplication of equipment and space needed for examining lanes and support personnel.

The cost of equipment alone for each military examining lane is approximately $40,000. This does not include the cost of the space nor the cost of the support personnel. With the ever-present budget constraints in the military, it hardly seems prudent to duplicate the equipment and personnel needed for eye care services.

No. 2, efficiency and quality of patient care. In a unified eye care system, all ophthalmic personnel work together for the common good of the patient. Timely and immediate referral for medical or surgical treatment of eye diseases is vital to preventing impairment of sight and blindness.

In a fragmented, separated eye care system this is difficult, if not impossible, to achieve. It is our view that the efficient, unified eye care system achieved through the implementation of an eye care team concept would help to promote the best possible vision care for all active duty personnel and their families.

I would conclude my testimony, Mr. Chairman, with two proposals. First, it would seem appropriate that a thorough, independent evaluation of the separation of the two services be conducted, which would include full input from military ophthalmologists.

Second, I would like to propose that the committee consider the creation of a joint service panel of ophthalmologists, which would be responsible for looking at the future of military eye care and for the exploration of models of integrated quality care which will meet the challenge of making military eye care appropriate, accessible, and affordable.

Mr. Chairman, I appreciate the opportunity to appear before the committee and I look forward to working with you concerning this important issue in the coming months. I will be happy to answer any questions.

Senator INOUYE. Thank you very much, doctor.

I note your opposition to the establishment of a separate department. Last year the commanding general of Tripler testified before this committee and indicated that the concept worked very well at Tripler and he was in favor of continuing that concept in that hospital.

Do you have any evidence that this concept has resulted in degradation of eye care in military hospitals?

Dr. CUPPLES. I think that that is something that we would have, as an organization, that we would not be privy to. I think that this type of information would come from the various consultants in ophthalmology to each of the three services, which would have privy to that type of information concerning the quality of care. Patient confidentiality would not give me access to it.

Senator INOUYE. Well, we have called upon these hospitals to advise us if anything like this has happened. So far this concept seems to be getting high grades.

Dr. CUPPLES. When we talk to the ophthalmology consultants, we do not find that that is exactly the case.

Senator INOUYE. Well, this committee has found whenever we provide assistance to psychologists, psychiatrists are very unhappy. When we provide assistance to registered nurses, certified anesthetists, the anesthesiologists raise hell with us. And it has been that way all along.

But I can assure you that we have been very careful in approving autonomous or independent operation without supervision. We will look into this very carefully, because eye care is very important in the military.

However, I should point out to you that maybe I am a bit biased. My left eye is no good because there is an occlusion in the retina right at the macula, and for a long time I could not read six numbers. I would see just four. Something was wrong, and I went to ophthalmologist after ophthalmologist, and they told me to exercise my eye.

Finally, I went to an optometrist and he said: You've got an occlusion there. So not all optometrists are bad. At least one found out what was wrong with me.

Dr. CUPPLES. No, sir; I did not mean to imply that all optometrists are bad. In fact, when I worked as chairman of the department of ophthalmology in Bethesda we had a unified eye system, in which we had, I had, a staff of 6 optometrists, 6 ophthalmologists, and 12 residents, and we worked well together as an eye care team, making sure that the appropriate patients got the appropriate care.

Senator INOUYE. I think what the optometrists want would be appropriate recognition. Under the unified system they very seldom get promoted.

Dr. CUPPLES. That was not the case when I was at Bethesda, sir.

Senator INOUYE. Well, doctor, I thank you very much and I can assure you that this matter will be carefully studied.

Dr. CUPPLES. Thank you very much, sir.

[The statement follows:]

STATEMENT OF HOWARD P. CUPPLES, M.D.

Mr. Chairman and Members of the Committee: I am Dr. Howard P. Cupples, Director of the Retina and Vitreous Service and Associate Professor of ophthalmology at the Georgetown University Medical Center. I am pleased today, as a member of the American Academy of Ophthalmology, to represent the nation's 18,000 practicing ophthalmologists in discussing our concerns about the delivery of eye care in the Department of Defense.

Prior to my joining the faculty at Georgetown Center for Sight, I served for 21 years in the United States Navy during which time I gained a great deal of experience in the military health care system from both a clinical and administrative standpoint. My assignments included serving as Chairman of the Ophthalmology Service at the U.S. Naval Hospital here in Bethesda and as an ophthalmology consultant to the Surgeon General of the Navy. I retired in 1985 as the Executive Officer of the U.S. Naval Hospital in San Diego. I appreciate the opportunity to appear before you today to express the Academy's views and concerns with regard to the eye care that is delivered to our military men and women and their families.

Let me first state that the American Academy of Ophthalmology was founded on the basis of promoting and preserving quality medical eye care. Significant resources of the organization are spent in the development and administration of educational programs designed to ensure that ophthalmologists across the nation receive the continuing education on current developments in ophthalmology that is necessary if top-caliber, appropriate eye care is to be administered.

I would like to express ophthalmology's interest in working with the Committee and the Department of Defense in an effort to ensure that military eye care is of the highest quality. It is our view that care provided to active duty military personnel and their families should be in no way substandard to the care delivered to the civilian population. We believe that the patients' welfare should be the foremost consideration in eye care delivery systems and that eye care teams composed of health care professionals with diverse educational backgrounds and training enhance both quality and cost-effectiveness of care.

The American Academy of Ophthalmology recognizes the important role that optometrists play in the operation of the eye care team and in ensuring that eye care is delivered efficiently. In a well-run clinic, all members of the team interact with the ophthalmologist who is the individual with the knowledge and medical training necessary to coordinate all elements of eye care in the best interest of the patient. This type of coordination improves the quality and cost-effectiveness of eye care by avoiding unnecessary and costly duplication in terms of redundant tests and visits. The patient's needs are evaluated in accordance with the well-developed model of medical diagnosis and assessment, and each team member contributes his own well-respected skills and value to the total management of the patient.

Because the differences between eye care providers can sometimes be confusing, I would like to clarify for the Committee that the ophthalmologist is the only provider who has graduated from medical school with an MD degree similar to a family practitioner, a radiologist, a cardiac surgeon or a brain surgeon. After receiving his medical degree and completing an internship, an ophthalmologist undergoes three to five years of training in the medical specialty of ophthalmology, the study of the eye and its related systems.

During his ophthalmology residency, an ophthalmologist detects, diagnoses and treats numerous disorders and diseases of the eye. At Wills Eye Hospital in Philadelphia, for example, an ophthalmology resident manages, under supervision of an attending, experienced ophthalmologist, about 15,000 patients with eye disease. The resident is involved in over 600 cases of eye surgery, serving as the primary surgeon and providing the patients' follow up care in 350 to 400 of those surgeries. The ophthalmology resident learns to apply his general medical diagnosis and assessment skills to the eye, and those skills are refined so that the resident, once he becomes a practicing ophthalmologist, will have the necessary training to manage and treat potentially blinding disorders of the eye appropriately.

It is this wide breadth of knowledge and specialized training that makes the ophthalmologist uniquely qualified to lead the eye care team and to manage patient care in a manner that maximizes benefits and cost-effectiveness. I have discussed the education and training of the average ophthalmologist to underscore the concerns that the American Academy of Ophthalmology has with recent changes made in the Department of Defense eye care system which we do not believe are consistent with traditional medical practice or in the best interest of the patient.

In fiscal year 1988, language establishing a demonstration project at Tripler Army Medical Center in Hawaii was included in this Committee's Department of Defense Appropriations report and adopted into the conference report. The demonstration established optometry as a separate service from ophthalmology. The following year, in the fiscal year 1989 Senate Department of Defense Appropriations report, language was included in the conference report which requested the establishment of a separate optometric service in each branch of the Armed Services. The fiscal year 1990 Department Of Defense Appropriations conference report, without benefit of any thorough evaluation of the original demonstrations, required that optometry be made a separate service in all major military medical treatment centers by the end of the fiscal year.

Mr. Chairman, such a change represents a significant alteration in the traditional military chain of command under which the ophthalmologist, as the medical eye care doctor, has been responsible for ensuring that standards of vision care are maintained. Such quality control will be exceedingly difficult, if not impossible, under the new system where members of the eye care team are functioning independently of the ophthalmologist. The implications of this new organization are particularly disturbing in times of war when efficient, coordinated eye care is critical.

We are very concerned about the process whereby this change was generated. Neither the American Academy of Ophthalmology nor any military ophthalmologists were contacted regarding this proposed change in the delivery of eye care services. The only evaluation of the original Tripler demonstration project, before expanding the separation to all major military medical centers, occurred during the first year of its operation. Not only was the evaluation period inadequate to reveal an impact upon quality of care, but ophthalmology's input was not included in the final document.

Last year, language was included in the Department of Defense Appropriations conference report which required that the Department of Defense Assistant Secretary for Health Affairs submit a report to Congress evaluating the success of separate optometry services at all major military medical facilities. The American Academy of Ophthalmology was most grateful for Congress' attempt to review this change in medical care delivery which we believe has been pursued without a fair and appropriate evaluation.

In the report submitted in response to last year's request, the input of ophthalmology was once again excluded from the final document. It is our understanding that concerns expressed from ophthalmologists at individual commands were not included in the evaluation nor were all of the ophthalmology consultants to the Surgeons General asked to contribute to the report.

I would like to comment briefly on some of the reasons why the American Academy of Ophthalmology is so strongly opposed to this mandated separation of optometry from the ophthalmology service. One reason involves potential duplication of resources and personnel. While proponents of the separate optometric service maintain that the change is merely a "paper shuffle," some of the optometry services are, in fact, physically separate from the ophthalmology service. This separation will involve duplication of the equipment and space needed for ocular examining lanes, and additional support personnel will be required. Each military examining lane costs approximately $40,000 to set up. With ever present budget constraints in the military, it hardly seems prudent to duplicate the equipment and personnel needed for eye care services.

Efficiency of patient care and quality of care are two additional and very important reasons why we are concerned about the separation mandate. In a clinic setting, coordination and cooperation among the various eye care practitioners and support personnel is critical to quality patient care. In the traditional military eye care service, the ophthalmologist has worked with optometrists, opticians, ophthalmic nurses, ophthalmic technicians, surgeons' assistants and other ophthalmic personnel. Timely referral to an ophthalmologist for the medical or surgical treatment of eye disease is vital in preventing impairment of sight and even blindness. In a fragmented eye care system, where operating budgets will be competing and dependent upon the volume of patients seen in each clinic, there will be a financial disincentive to refer.

It is our view that an efficient, unified eye care service, achieved through implementation of the eye care team concept in the Department of Defense, would be consistent with traditional military medical practice and would help promote the achievement of the best possible vision for all active duty military personnel and their families. Ultimately, the responsibility for the overall treatment of a patient should lie with the medical doctor, as it does in other areas of traditional medical care. A 1988 Gallup survey revealed that blindness is the physical disability that Americans fear the most, and we see no reason why medical eye care should be the exception to traditional medical practice.

I would like to conclude my testimony, Mr. Chairman, with two proposals. First, it would seem appropriate that a thorough, independent evaluation of the separate optometry services be conducted which would include full input from military ophthalmologists. Secondly, I would like to propose that the Committee consider creation of a joint service panel of ophthalmologists which would be responsible for looking at the future of military eye care and for exploring models of integrated, quality eye care delivery that will meet the challenge of making military eye care appropriate, accessible and affordable.

Mr. Chairman, I appreciate very much the opportunity to appear before the Committee, and I look forward to working with you on this important issue in the coming months. I would be happy to answer any questions.

STATEMENT OF G. RICHARD HOLT, M.D., ON BEHALF OF THE AMERICAN ACADEMY OF OTOLARYNGOLOGY, HEAD AND NECK SURGERY

Senator INOUYE. Our next witness is here to represent the American Academy of Otolaryngology, Head and Neck Surgery, Dr. G. Richard Holt.

Dr. Holt, welcome, sir.

Dr. HOLT. Good morning, Mr. Chairman. I thank you very much for the opportunity to speak. My society is the world's largest society of physicians and scientists who deal with disorders of the ears, hearing, balance, nose, throat, face, and neck.

In prior testimonies before this subcommittee, it has resulted in the opportunity for us to work with the Department of Defense in identifying areas of research that could be of common good to the Department of Defense, that is the military, and to the civilian sector, and this has been very gratifying and very productive.

PERSIAN GULF EXPERIENCE

This year we would like to request consideration of an item of research that we feel has been shown recently to have very important significance. I recently returned from the Middle East, where I, as an Army reservist, served as a combat surgeon supporting the 1st and 3d Armored Divisions during their advance into Iraq.

During that time I had the opportunity to see our servicemen who were injured from artillery rounds, APC explosions, land mines, and so forth, and noted the severity of the blast injuries to their hearing and balance mechanisms and to the head, in addition to the other multiple injuries.

One of my colleagues over there, Major Pateau from Walter Reed, was stationed near Dhahran, Saudi Arabia, and personally examined each of the survivors of the Scud missile attack which left so many dead and injured. He found that well over two-thirds, nearly 70 percent, of the survivors had significant injuries, blast injuries, to the ear and hearing and balance mechanisms which will require long-term therapy and rehabilitation.

OTOLOGIC BLAST INJURIES

It is our concern that, in view of the high technology that was exhibited in many areas over there, that we still have a low degree of technology in the prevention and rehabilitation of these blast injuries, that we are looking at the potential for having some significant expense of personnel and time.

We feel that we have not yet reached the state of art in protection of our military personnel, as well as the downfall from it to the civilian sector, where individuals are injured in blast accidents quite frequently. We, therefore, would like to propose the consideration of a national consensus conference on otologic blast injuries, their prevention and rehabilitation.

I presented this concept last week before Mr. Murtha's House subcommittee and it was well received, and I was asked to work with their staff individuals to prepare some language for the DOD sponsorship of such a conference in conjunction with our academy and the Deafness Institute of NIH, as well as other groups such as the National Head Injury Foundation.

We would ask that, if this bill language comes forward, that your committee look at it and help support such an endeavor. We are hopeful that this will be of help to both the military medicine and the civilian sector, with the ability to look at what the state of the art is and where we need to go with our research.

Thank you, sir.

Senator INOUYE. I can assure you, Dr. Holt, that we will do that. As you are well aware, the fiscal year 1990–91 conference report language was at the initiative of this committee, and we are pleased that it has borne some fruit. And I can assure you that we will continue to support your activities, and if that report should come across you can count on our support.

Dr. HOLT. Thank you, sir.

Senator INOUYE. Thank you very much.

[The statement follows:]

STATEMENT OF G. RICHARD HOLT, M.D.

Mr. Chairman and members of the subcommittee, I am G. Richard Holt, M.D., President-Elect of the American Academy of Otolaryngology—Head and Neck Surgery, Inc. I am here today as a representative of the Academy, whose membership of 9,200 comprises 96% of all board-certified otolaryngologists.

The specialty of otolaryngology—head and neck surgery—encompasses surgeons whose expertise involves management of disorders of hearing, balance, the facial nerves, the nose, facial bones, as well as benign and malignant disorders of the mouth, trachea, larynx, thyroid, and esophagus.

For the last two years witnesses have appeared before this committee to express the concern of the American Academy of Otolaryngology—Head and Neck Surgery, Inc. regarding the coordination of otolaryngology-related research among the several federal agencies which support such research. Our major interest is the degree to which otolaryngology-related research funded by the Department of Defense (DOD) may be duplicated (unknowingly) by other federal agencies.

As a result of the previous testimony, bill report language was included in the DOD Appropriations Act of 1990 which stated that the DOD "cooperate with the American Academy of Otolaryngology—Head and Neck Surgery in their planned review of federal research programs in fiscal year 1990."

First, let me emphasize our deep appreciation for the interest and support of the chairman and the committee in this matter. I would also like to emphasize that we remain fully committed to the language of the DOD Appropriations Act of 1990. However, the activity of Desert Shield and Desert Storm have diluted our Academy's manpower available to continue work on this project, and so it is not complete.

Nonetheless, progress has been made. With the assistance of Colonel Roy Sedge, we have completed a Defense Technical Information Center (DTIC) search (non-classified) of "blast injury to the ears" and "noise and communication" using a variety of permutations upon the theme. Appended is a listing of the types of projects that were retrieved by this search. There are gaps in the DTIC information, not solely due to security concerns, as there has been published material regarding the findings of Army researchers with respect to blast effects on hearing, not mentioned in the DTIC search. We hope to analyze the CIRS database, which dates back to 1970 and which contains information regarding research opportunities and protocols under the aegis of the U.S. Army Clinical Investigation Program.

A meeting with Academy representatives and Captain David Uddin, M.D. (Office of the Assistant Secretary for Health Affairs, DOD) in the spring of 1990 also pointed out a need to work with Colonel John Cutting of the Under Secretary of Acquisitions Office, as well as Earl Laurence of the National Institute of Diabetes and Digestive and Kidney Diseases (NIDDK), which we intend to do.

With your continued support, we hope to pursue these avenues in future efforts. We also hope to pursue integration of data with the information Clearing House of the National Institute on Deafness and Other Communication Disorders (NIDCD) at the National Institutes of Health.

We want you to know that this work with DOD has been valuable for us in determining research for the future; consequently, we are very grateful for your support, and we will report to you further on this matter as we move forward.

I would be pleased to answer any questions you may have.

DEFENSE TECHNICAL INFORMATION CENTER (DTIC) SEARCH RESULTS[1]

TOPICS

(1) dysbaric osteonecrosis in man
(2) monkey model of inner ear pressure (dive) damage
(3) lung susceptibility to barotrauma
(4) helicopter aural detection
(5) auditory perception, acoustic insult—effect upon job performance
(6) auditory detection of military light reconnaissance surveillance aircraft
(7) auditory language processing
(8) dichotic listening tasks as predictors of performance of pilots-in-training
(9) sleep deprivation—auditory performance correlates
(10) diver rescue system
(11) aeromedical aspects of otolaryngology
(12) barotrauma and hearing loss
(13) audiometric survey of navy divers
(14) traumatic heart damage
(15) underwater blast injury(ies)
(16) airblast in two-man foxhole/sheep model
(17) use of lasix in blast injury

---

[1] NOTE.—Search topics: blast injury to ears, eardrum perforation, auditory perception and performance. Nb. "not in file" noted for: blast injury(ies), barotrauma, blast pathology, eardrum rupture, and blast trauma, even though some projects were retrieved with these main topics.

STATEMENT OF LAURA JANSEN, CHAIRPERSON, DEFENSE RATIONS MANUFACTURING ASSOCIATION

Senator **INOUYE**. Our next witness is the chairperson of the Defense Rations Manufacturing Association, Ms. Laura Jansen.

Are you in charge of the MRE's?

Ms. **JANSEN**. Yes, sir.

Senator **INOUYE**. I just tasted the corned beef hash. It is very good.

Ms. **JANSEN**. Thank you.

Senator **INOUYE**. Please proceed, ma'am.

MEALS READY TO EAT

Ms. **JANSEN**. Good morning, Mr. Chairman. I am Laura Jansen, president of CINPAC, Cincinnati, OH. We are one of the three prime contractors for MRE's, which is meals ready to eat.

The MRE was specifically developed to meet the unique requirements demanded of a combat field feeding system. Because of these special requirements, the MRE's specifications are extremely detailed and complex. To ensure adequate performance during combat situations, the equipment required to package the MRE's is unique and not useable for other commercial applications.

Consequently, there is no commercial demand for the MRE and the MRE industry is acutely dependent on MRE procurement levels. The MRE industry consists of three prime assembly contractors and a number of subs who supply MRE components, all of whom were small businesses at the start of Operation Desert Shield.

HISTORY OF MRE INDUSTRY

Before I address the current state of the MRE industry, let me inform the committee where the industry was just 9 months ago. On August 1, 1990, the Defense Department was soliciting an annual purchase of 2.25 million cases for 1991, which was down from 3.1 million each of the last 2 years and significantly down from the 5 million level several years ago.

A 2.25 million case buy would have eliminated an estimated one-third of the industry, because the procurement would have simply been too small to sustain the defense industrial base's existence.

Now, on August 2, 1990, with Iraq's invasion of Kuwait and the subsequent increase in MRE orders from DPSC, the demand escalated to a level of 4 million cases per month. But without a formal mobilization, the industry could only produce, which was a lot, but we could not even get up to the 4 million as we existed—we could get up to 2.4 million a month.

If Saddam Hussein had waited just 6 more months, the MRE industry capacity would not have existed to meet the surge requirements of Operations Desert Shield and Storm.

In addition to the increased demand for MRE's, it was also discovered that there was an inadequate level of strategic reserves to meet the needs of ODS. As the contracts and awards resulting from ODS were dramatically increasing, our industry hired significantly higher levels of personnel and invested very, very heavily in bricks and mortar and equipment to meet the needs of ODS.

After the ground offensive was successfully terminated, DPSC began to cut back or terminate a number of fixed price and letter contracts awarded to the primes and subs. We are not here to bemoan that fact. Our purpose is to focus on the need to maintain a viable defense industrial base for MRE's, capable of responding to surge requirements such as ODS, as well as during peacetime channeling MRE's toward civilian and disaster relief purposes.

BENEFITS OF MRE MEALS

Because of its unique storage, nutritional capabilities, and portability, these complete MRE meals have been successfully used to sustain victims in emergencies—the hurricanes, the floods in the Virgin Islands, down in the South—and have been used very successfully by both FEMA and the American Red Cross.

The standard MRE remains shelf-stable for a period of over 5 years. However, after 2 years they begin to lose their color and flavor, though not their nutritive value. We have received an enormous amount of mail expressing positive and complimentary views of MRE's from the troops stationed in Saudi Arabia.

Most of the complaints we received during the Persian Gulf war dealt with very, very old MRE's that came out of the stockpiled reserves. Some of them we know were 8 to 10 years old, which were like the very first ones.

The MRE producers want to continue to work cooperatively with DPSC and DLA in providing products made to specifications, but also products that will be enjoyed by the troops that consume them. We have devised a balanced program we would like to recommend that would achieve a number of different, but compatible and complementary, goals.

SUGGESTED UTILIZATION OF MRE'S

We recommend an annual procurement level of 4.25 million cases of MRE's, which would be utilized in the following manner and coupled with the following caveats: Build a war reserve to replenish the depleted supplies; mandate a 3-year rotation policy for MRE's; utilize the MRE's rotating out of the 3-year DOD stocks for disaster relief, famine relief, and aid to the homeless; develop a foreign military sales program for MRE's; and mandate the use of MRE's in DOD Regular and Reserve field training exercises.

Through these steps, we can protect the defense industrial base for MRE's and provide the military with an appropriate level of war reserves of palatable MRE's. It involves simply maintaining a steady, reliable procurement level, rotating aging stocks on a scheduled basis, and utilizing aging stocks toward productive civilian outlets.

CINPAC is a member of the Defense Rations Manufacturing Association. We are requesting a critique and debriefing of MRE experiences in the past 12 months with DPSC and DLA in order to improve our capability to respond to similar situations in the future.

We also support the continuation of the use of the tray pack as an essential component of the military feeding system.

In short, due to the uniqueness of the MRE and the absence of a commercial market for MRE's, the Government must support the

MRE industry during peacetime so that we are capable of meeting the military's needs during times of emergency.

Thank you for this opportunity to appear before your committee and to present the views of the MRE industry. I will be happy to answer any questions you may have.

Senator INOUYE. Well, I had several meals while we were in the desert and I must say that for the most part they were very good. But one of them must have been old, as you indicated. I tried my best.

Ms. JANSEN. Well, thank you for that.

DEALING WITH PEACETIME EMERGENCIES

Senator INOUYE. What sort of business do you get from the Red Cross, FEMA, AID, and agencies of that nature?

Ms. JANSEN. We do not get any direct business. What they do, if there is an emergency they just take it out of the reserves. That is what they have done in the past.

We do not think that that is necessarily the way to handle this, because right now there are not very many reserves out there and it is not an orderly progression. We think that, let us keep the new stuff for the soldiers, in 3 years rotate it out, and create a stockpile or a paper stockpile, so that the Red Cross and FEMA can draw on it on an orderly basis.

But they have been very successful. They are very pleased with them. They are terrific for that window, the 2- to 7-day window after the disaster, before the field kitchens get set up. They can airdrop them. They work very well.

Senator INOUYE. How much is being consumed by the Kurds? I notice we are using MRE's there.

Ms. JANSEN. All I know is they are giving them the MRE's that are in country, and I do not know what levels. I do not really know anything. I have heard that some of the Kurds will not eat them because they have pork in them. I have also heard that they eat a lot of them and they are very successful. But I cannot really tell you.

Senator INOUYE. Yes; they did not go for the pork and beans. I think we should be sensitive to that. It is part of their religion.

We will do what we can, ma'am.

Ms. JANSEN. Thank you.

Senator INOUYE. Because in the event of emergency, I hate to see us going back to K-rations.

Ms. JANSEN. Well, we cannot. There is no industry. We are it.

Senator INOUYE. Thank you very much.

[The statement follows:]

STATEMENT OF LAURA JANSEN

Good afternoon, Mr. Chairman. I am Laura Jansen, President of CINPAC of Cincinnati, Ohio, one of three prime assembly contractors of the Meals Ready-To-Eat (MRE)

The MRE was specifically developed to meet the unique requirements demanded of a combat feeding system. Because of these special requirements, the MRE specifications are extremely detailed and complex to ensure adequate performance during combat situations.

The equipment required to package the MRE is unique and not usable for other commercial applications. Consequently there is no commercial demand for the MRE and the MRE industry is acutely dependent upon MRE procurement levels.

The MRE industry consists of three primary assembly contractors, and a number of subcontractors who supply MRE components, all of whom were small businesses at the start of Operation Desert Shield (ODS). Before I address the current state of the MRE industry, let me inform the Committee where the industry was just nine months ago.

On August 1, 1990 the Defense Department was soliciting an annual purchase of 2.25 million cases for 1991, down from 3.1 million cases each of the last two years and substantially down from the 5 million case annual purchase levels of the mid-1980's. A 2.25 million case buy would have eliminated an estimated one-third of the MRE industry, because the procurement would have been too minimal to sustain the Defense Industrial Base's existence.

On August 2, with Iraq's invasion of Kuwait and the subsequent increase in MRE orders from DPSC, the demand escalated to a level of four million cases per month, but without a formal mobilization the industry was only able to produce 2.4 million cases per month. If Saddam Hussein had waited just 6 more months, the MRE industry capacity would not have existed to respond to the Desert Shield surge in demand.

In addition to the increased demand for MRE's, it was also discovered that there was an inadequate level of strategic reserve to meet the needs of ODS.

As the contracts and awards resulting from ODS were dramatically increasing, our industry hired significantly higher levels of personnel and invested heavily in production and support equipment and training to meet the needs of ODS.

After the ground offensive was successfully terminated, DPSC began to cut back or terminate a number of letter and fixed price contracts awarded to MRE prime and subcontractors.

We are not here to bemoan that fact. Our purpose is to focus upon the need to maintain a viable MRE Defense Industrial Base capable of responding to surge requirements such as ODS, as well as during peace time channeling MRE's toward civilian and disaster relief purposes. Because of its unique storage, nutritional capabilities, and portability these complete MRE meals have been successfully used to sustain hurricane victims in the Virgin Islands and other disaster sites by both the Federal Emergency Management Agency (FEMA) and the American Red Cross.

The standard MRE remains shelf stable for a period of over five years. However, after two years they begin to lose their color and flavor, though not their nutritive value. We have received an enormous amount of mail expressing positive and complimentary views of MRE's from the troops stationed in Saudi Arabia. Most of the complaints received by the industry during the Persian Gulf War dealt with very old MRE's that came out of stockpiled reserves.

The MRE producers want to continue to work cooperatively with DPSC and DLA in providing products made to specifications, but also products that will be enjoyed by the troops that consume them. We have devised a balanced program we would like to recommend that would achieve a number of different but compatible and complementary goals. We recommend an annual procurement level of 4.25 million cases of MRE's, which would be utilized in the following manner, and coupled with the following caveats:

—Build a war reserve to replenish depleted supplies;
—Mandate a three year rotation policy for MRE's;
—Utilize MRE's rotating out of the three year DOD stocks for disaster relief, famine relief, and aid to the homeless;
—Develop a Foreign Military Sales program for MRE's; and
—Mandate the use of MRE's in DOD regular and reserve field training exercises.

Through these steps we can protect the Defense Industrial Base for MRE's and provide the military with an appropriate level of war reserves of palatable MRE's. It involves simply maintaining a steady, reliable procurement level, rotating aging stocks on a scheduled basis, and utilizing aging stocks toward productive, civilian constructive outlets.

CINPAC is a member of the Defense Rations Manufacturing Association (DRMA). We are requesting a critique and debriefing of MRE experiences in the past twelve months with DPSC and DLA in order to improve the industry's capability to respond to similar situations in the future.

DRMA also supports the continuation of the use of the tray pack as an essential component of the military feeding system.

In short, due to the uniqueness of the MRE and the absence of a commercial market for MRE's, the government must support the MRE industry during peace time so that we are capable of meeting the military's needs during times of emergency.

Thank you for this opportunity to appear before your Committee to present the views of the MRE industry.

I would be happy to respond to any questions that you may have concerning my testimony.

STATEMENT OF ROBERT SHOPE, M.D., PROFESSOR OF EPIDEMIOLOGY, DEPARTMENT OF EPIDEMIOLOGY AND PUBLIC HEALTH, YALE UNIVERSITY SCHOOL OF MEDICINE, ON BEHALF OF THE AMERICAN SOCIETY OF TROPICAL MEDICINE AND HYGIENE

Senator INOUYE. Our final witness today is a professor of epidemiology in the Department of Epidemiology and Public Health, Yale University School of Medicine, speaking in behalf of the American Society of Tropical Medicine and Hygiene, Dr. Robert Shope.

Dr. Shope, welcome, sir.

Dr. SHOPE. Thank you, Mr. Chairman. I am Robert Shope and I am professor of epidemiology at the Yale University School of Medicine, and I am testifying on behalf of the American Society of Tropical Medicine and Hygiene, a professional society of researchers and practitioners dedicated to the prevention and treatment of tropical diseases.

I would like to request that my written statement be placed on the record.

Senator INOUYE. It will be, sir.

INFECTIOUS DISEASE RESEARCH PROGRAM

Dr. SHOPE. In testimony last year, our society pointed out the need for Congress to provide stable funding for the Department of Defense Infectious Disease Research Program of fiscal year 1991, and we want to thank the subcommittee for your response to this need.

Since August, Operations Desert Shield and Storm have shown the direct payoff of that support. Our troops were healthier than in any prior war. In each of the previous three wars, more than 70 percent of military hospitalizations were for nonbattle conditions, including diseases like malaria, diarrhea, leishmaniasis, and dengue. In Desert Storm, the military's infectious disease specialists encountered tropical infections causing diarrhea and leishmaniasis and these were rapidly identified and brought under control.

Of special note during Desert Shield was the preparedness of the Department of Defense Infectious Disease Program. Diagnostic antigens for tropical infectious diseases were readied by Army staff at Fort Detrick and a team of scientists was mobilized for Saudi Arabia from the nearby Naval Medical Research Unit No. 3 in Cairo, and they set up field surveillance.

It was by these means that the early Desert Shield outbreaks of diarrhea were characterized and controlled and that the rapid monitoring for putative biological warfare was successfully instituted. It was not by chance that our troops remained healthy.

Mr. Chairman, I returned last week from Cairo and I can confirm the dedication of the scientists who are working there.

PRESIDENTIAL FUNDING DECREASE CHALLENGED

As demonstrated by Operation Desert Storm, the successes of the military's Infectious Diseases Research Program have been considerable. However, adequate resources and trained personnel are necessary to take the next steps. The President's fiscal year 1992 request for the Infectious Disease Research Program actually requests a decrease of about $40.2 million from the fiscal year 1991 level to infectious disease research, including HIV, AIDS.

The American Society of Tropical Medicine and Hygiene believes that such a decrease would be detrimental to these critical programs and urges the subcommittee to provide fiscal year 1992 funding for the non-AIDS portion of the Infectious Disease Research Program that is at least level with last year's program, allowing for inflation.

NEW FACILITY REQUESTED

In addition, I would like to bring to the committee's attention a matter that we believe should be of high priority. A mainstay of the Infectious Disease Research Program has been the Walter Reed Army Institute of Military Research, located here in the Washington, DC, area. However, this facility is antiquated and will no longer meet the standards for proper conduct of infectious disease research.

The current building will not meet the minimum occupational safety and health, environmental quality, and laboratory animal care standards. To rectify the situation, an estimated $90 million over a 3-year period is needed for a new facility.

In recent years the funds have repeatedly been dropped from the administration's budget request before its final submission to Congress. Now, however, the American Society of Tropical Medicine and Hygiene believes that the Walter Reed Army Institute of Research facility needs are so urgent that construction should not be postponed any longer, and we urge the subcommittee actively to explore this subject.

We recognize that this is a uniquely tight budget year and that you have multiple worthy programs you must consider. However, we urge you to recognize the unique contributions of military research and training in the field of tropical medicine and the contributions made by the military's program to improving the health of soldiers and civilians alike.

This research represents a program which truly bridges the needs of military preparedness and peacetime.

Thank you. I would be pleased to answer any questions.

Senator INOUYE. Thank you very much, Doctor.

I, too, am pleased that the committee responded to your recommendations last year, and we may attempt to do that again this year. And reports that we have been receiving, as you have, on how invaluable research has been toward the maintenance of health have been most encouraging.

The last portion of your statement concerns me. We were not aware that the Walter Reed research facility was in such bad shape. We will look into that immediately. If it turns out that it is really bad, we will make this an emergency matter, sir.

Dr. SHOPE. We would plan to provide you with some additional information on that.

Senator INOUYE. I hope you do that, because we have not received that concern from DOD. So it comes to us as a bit of a surprise.

Senator **INOUYE**. So although you are the last witness here, you will get some action.

Dr. **SHOPE**. Thank you very much.

Senator **INOUYE**. Thank you very much, sir.

[The statement follows:]

STATEMENT OF ROBERT E. SHOPE, N.D.

Thank you Mr. Chairman. My name is Robert E. Shope and I am Professor of Epidemiology in the Department of Epidemiology and Public Health of the Yale University School of Medicine. I am testifying on behalf of the American Society of Tropical Medicine and Hygiene, a professional society of researchers and practitioners dedicated to the prevention and treatment of tropical diseases. I would like to request that my written statement be placed in the record.

In testimony last year, our Society pointed out the need for Congress to provide stable funding for the Department of Defense Infectious Disease Research Program in fiscal year 1991. We want to thank the Subcommittee for your response to this need. Since then, Operation Desert Shield and Storm have shown the direct payoff of that support. Our troops were healthier than in any prior war. In each of the previous three wars, more that 70 percent of military hospitalizations were for nonbattle diseases, including diseases like malaria, leishmaniasis, diarrhea, and dengue. In Desert Storm, the military's infectious disease specialists encountered tropical infections causing diarrhea and leishmaniasis, and these were rapidly identified and brought under control.

Of special note during Operation Desert Shield was the preparedness of the Department of Defense Infectious Disease Research Program. Diagnostic antigens for tropical infectious diseases were readied by Army staff at Fort Detrick, and a team of scientists was mobilized for Saudi Arabia from the nearby Naval Medical Research Unit #3 in Cairo to set up field surveillance. It was by these means that the early Desert Shield outbreaks of diarrhea were characterized and controlled, and that the rapid monitoring for putative biological warfare was successfully instituted. It was not by chance that our troops remained healthy.

The tropical medicine expertise demonstrated in Operation Desert Storm can largely be attributed to the Department of Defense Infectious Diseases Research Program. This program, which is administered through the Army Medical Research and Development Command, supports research on tropical infectious diseases. Historically, the program has targeted major tropical infectious diseases which have the potential to stop or impede mobilization, deployment, or mission. As demonstrated by Operation Desert Shield, the successes of the military infectious disease research program have been considerable, and there is no reason to believe that it can not continue. However, adequate resources and trained personnel are necessary to take the next steps.

In fiscal year 1991, infectious disease research received $86.9 million dollars, of which $42.9 million was for infectious diseases in general and $44 million was for HIV-related research. For fiscal year 1992, the President's Budget requests $46.7 million for the Infectious Disease Research Program which includes HIV and other infectious diseases. Beginning with the fiscal year 1992 budget request, HIV funding is spread across other infectious disease categories and is not a separate funding item. Thus, the fiscal year 1992 budget request represents a decrease of about $40.2 million from the fiscal year 1991 level for these two activities. It is our understanding that this decrease is almost completely accounted for by a drastically scaled-down research emphasis on HIV, although the merged accounts make it impossible to ascertain the precise split.

The American Society of Tropical Medicine and Hygiene is greatly concerned about this proposed decrease. If this decrease is allowed to stand, we believe it will result in severe hardships to important tropical disease initiatives. Malaria continues to be the major tropical disease threat to the military and to most of the world's population living in the tropics. This disease is responsible for over 1 million deaths annually in children alone. The military's need for new drugs and vaccines against malaria is accentuated by the growing world-wide resistance to present drug therapy. The military's malaria drug development program is the largest and most productive program of this sort in the world, and the only such program in the United States. As a result of military-supported research, a new antimalarial drug is now ready for human trials, and a sporozoite stage malaria candidate vaccine is being developed using new bioengineering techniques. In addition, the Infectious Disease Research program also has a new drug for treating leishmaniasis in the development stage, and several promising antiviral compounds that are designed for use against hemorrhagic fevers.

The proposed decrease in funding would also place the military's overseas laboratories in jeopardy. These overseas laboratories, situated in Latin America, Africa, and Asia, serve as important listening posts for tropical diseases and constitute unique sites in which military scientists and physicians can gain first-hand knowledge of tropical infectious diseases. The Navy laboratory in Cairo continues to provide base support for the field operation in Saudi Arabia and the Army laboratory in Thailand is the site of any important field trial if the new hepatitis A vaccine, a product that will greatly benefit the military, but also will benefit the civilian population of the United States and many other less fortunate countries.

Furthermore, modern technological advances, like recombinant DNA, have created a window of opportunity which we have never had before. This is precisely the time when we should be increasing our research efforts as tropical medicine research scientists now have the potential to make great strides in improving human health worldwide.

The American Society of Tropical Medicine and Hygiene believes that such research is critical to the health and medical capacity of the U.S. and urges the Subcommittee to provide fiscal year 1992 funding for the non-AIDS portion of the Infectious Disease Research Program for fiscal year 1992 that is at least level with last year's program, allowing for inflation.

We would also like to take this opportunity to bring to the Committee's attention a matter which we believe should be a high priority. The Infectious Disease Research Program is centered in the Washington D.C. area and a mainstay of this program has been the Walter Reed Army Institute of Research (WRAIR). The Walter Reed facility historically has been the central research laboratory for studies of malaria, leishmania, hepatitis viruses, respiratory and diarrheal diseases, dengue, and Japanese encephalitis—which are the major infection risks to our troops stationed in the Tropics. However, this facility is antiquated and no longer meets standards for proper conduct of infectious disease research. The current building does not even meet the minimum occupational safety and health, environmental quality, and laboratory animal care standards. If the Walter Reed Army Institute of Research is permitted to fall further into decay, the Department's ability to conduct research on tropical and infectious diseases will be severely curtailed.

To rectify the situation, an estimated $90 million over a 3-year period is needed for a new facility. In recent years, the funds have repeatedly been dropped from the Administration's Budget Request before its final submission to Congress. Now, however, the American Society of Tropical Medicine and Hygiene believes that WRAIR's facility needs are so urgent that construction should not be postponed any longer. Towards this end, our Society would be pleased to work with this Subcommittee to begin to explore this issue and to consider ways in which the facility needs of the Army's medical research program can be better met in the foreseeable future.

We recognize that this is a uniquely tight budget year and that you have multiple worthy programs you must consider. However, we urge you to recognize the unique contributions of military research and training in the field of tropical medicine, and the contributions made by the military's program to improving the health of soldiers and civilians alike.

As the Subcommittee reflects on the strength of various military programs, ASTMH respectfully requests that you recognize the needs for a stable budget to support the military's research and training in the field of tropical medicine and for modern laboratory research facilities at the Walter Reed Medical Center. We request that you make a specific decision to continue supporting this program which proved its effectiveness in Operation Desert Shield and is not duplicated elsewhere. As our Society has told you before—and as you have witnessed during recent months—this research represents a program which truly bridges the needs of military preparedness and peacetime.

Thank you for your time. I would be pleased to answer any questions.

Senator INOUYE. I would like to thank all the witnesses who patiently stayed with us and appeared this morning. I can assure them all that we will study their statements very carefully as we proceed in the consideration of the budget for fiscal year 1992.

ADDITIONAL PREPARED STATEMENTS

I have been informed by subcommittee staff that additional statements have been received. Although these witnesses have been un-

able to present oral testimony, without objection, their prepared statements will appear in the hearing record at this point.

[The statements follow:]

STATEMENT OF LT. GEN. LAWRENCE F. SKIBBIE, USA, RET., PRESIDENT, AMERICAN DEFENSE PREPAREDNESS ASSOCIATION

Mr. Chairman and members of the subcommittee, I am Lt. Gen. Lawrence F. Skibbie, USA, Ret., President of the American Defense Preparedness Association (ADPA). It is a pleasure to have this opportunity to provide this statement to the subcommittee.

Briefly, ADPA is a non-profit, educational and scientific organization comprising some 36,000 members. Since our founding in 1919, we have devoted our efforts toward ensuring that the U.S. industrial base remains viable and capable of exploiting advanced technology so that it can respond to future contingencies.

Mr. Chairman, I am especially heartened by your recent statement that you intend to hold hearings to investigate the state of the U.S. industrial base. ADPA would be pleased to participate in these hearings.

At this time, I will provide general comments about what we at ADPA would recommend if invited to participate in your evaluation of the U.S. industrial base. These recommendations reflect the priorities identified by our membership.

We believe three fundamental points need to be considered. First, we believe that a more positive climate for U.S. defense-related industries needs to exist. Second, we believe that improved dialogue between government and industry needs to be fostered. And, third, we believe that the financial health of U.S. defense-related industries needs to be strengthened. In sum, without a strong industrial base, we will not have a strong national security posture. I will return to these points.

We only need to reflect for a moment on the successful outcome of the recent Desert Storm operations. This did not come by accident. Rather, it was the result of a high level of commitment and sufficiency of resources, the fruits of investments made over a period of decades. Our future national security requires no less.

It is true that the nature of the threat is changing, that our forces will become smaller, that defense budgets will continue to decrease and that our defense industrial base will be resized. But, underlying all of these is the fundamental principle: we must safeguard the viability of the U.S. industrial base and its capability to respond to future threats. Surely, the base will decline in size—but a smaller base should be a healthy, robust base.

As we evolve in the post-Cold War era, our senior defense leaders have made the following assumptions that reflect the trends that I have mentioned: First, it is assumed that the United States will have the capability to conduct future short notice military operations successfully on a "come-as-you-are" basis; and second, that we will have the ability to reconstitute (grow) our forces in time for larger-scale warfare. Underlying these assumptions is the premise that an industrial base exists that is capable of producing sufficient quantities for inventory and, if required, expanding overtime.

At the same time, we recognize that significant numbers of firms are leaving the defense sector, particularly at the second and third tier levels. The issue then becomes whether, in times of crisis, these firms will resume defense business and the length of time it will take them to regain the capability to produce the quality products that support our military forces. I am not confident that all of the firms that may be needed will respond positively. We have reports of firms associated with the production of the M1A1 tank engine that were called upon during Operation Desert Storm that were not able to respond because of other commitments and the uncertainty of future defense business. Moreover, as current production programs are terminated, we face potentially troubling production gaps before next generation systems are produced.

So what do we do now? This brings me back to the three basic points that I identified earlier. First, creating a more positive climate: we believe that the defense industries of the United States should be recognized for the contributions they have made over the years to our national security. ADPA has been working on this for some time. We encourage all of you to support S. Res 103 introduced on April 16 by Senators Alan Dixon and Richard Shelby. The resolution and accompanying statement by Senator Dixon in the April 16 Congressional Record raise anew the concerns that many of us have about the financial health and capabilities of U.S. defense-related industries to survive an uncertain future.

In this regard, we believe it is essential that the Department of Defense should identify an office, adopt policies, and establish processes that are responsible for as-

sessing from the cradle to the grave the industrial base implications of decisions made in the defense acquisition process. A similar approach has been established for assessing environmental issues in the defense acquisition process. Our industrial base should not be treated with less importance.

Second, with regard to improved government-industry dialogue, the fact that this subcommittee has provided ADPA an opportunity to testify is a positive sign. We look forward to continuing this dialogue with you, particularly with any future hearings on the industrial base. More specifically, we hope that remaining questions about what constitute appropriate and proper communications in the defense acquisition process as prescribed in the Procurement Integrity Act can be resolved so that both industry and government can be responsive.

Third, restoring the financial health of the industry, we have the following recommendations:

Full funding of research and development.—The Congress and the Department of Defense have both legislated or issued directives to limit the use of fixed-price development contracts for R&D purposes. These efforts are important. Unfortunately, these types of contracts continue surfacing under different names.

It appears that at the policy level, the Department of Defense has called for limiting the use of such contracts. However, ADPA continues to hear from defense firms that, at the contracting officer level, efforts are still made to impose these restrictive contracts on firms.

We would recommend that section 8038, Public Law 101–511, the fiscal year 1991 Department of Defense Appropriation Act, either be extended or made permanent law. Further, we would recommend that either bill or report language be included that directs full military department compliance with the law and regulations limiting the use of fixed-price type development contracts.

Independent research and development.—At present, industry does not receive full recovery of its IR&D efforts. Also, with the defense drawdown, industry is emphasizing bid and proposal (B&P) efforts over IR&D. For the United States to hold a competitive and technological edge in this area, more flexibility needs to be introduced into the IR&D process.

Recently the House Armed Services Committee in HR 2100, the fiscal years 1992/1993 National Defense Authorization bill, included an important IR&D/B&P enhancement package. ADPA has repeatedly stressed the need for this initiative. We strongly urge you to support this major reform. It will strengthen the private sector, enable U.S. industry to be responsive and competitive, and pave the way for technology advances for our smaller military structure.

Very real examples of IR&D are noteworthy. Operation Desert Storm provided a number of examples among many that earned praise and prominence. To name a few, are the F–15E Strike Eagle dual-role fighter, the TADS/PNVS sensor and sight on the AH–64 Apache attack helicopter, the Patriot anti-missile system and the weapon stabilization system on ~~the M1~~A1 tank.

Eliminate RDT&E cost recoupment on foreign military sales.—As part of an effort to ensure U.S. competitiveness in international commerce, we recommend reassessment of the current policy requiring DOD recoupment of certain R&D costs associated with weapons systems sold overseas. As such, current practices result in competitors offering more attractive terms to potential clients. I realize that the authorization committees and the Senate Appropriations Subcommittee on Foreign Operations have more direct jurisdiction in this matter. I only raise the issue in this forum because it does have an impact on the defense industrial base. Unfortunately, the Department of Defense has broadened its interpretation to include non-major defense articles and commercial derivatives. It is our understanding the Deputy Secretary of Defense Donald Atwood is re-examining the issue. We hope that you will oversee and support his efforts.

Best value source selection.—Last year, Congress legislated changes in contract awards that introduced other factors beside cost. These changes are now taking effect. We strongly support these efforts to have such factors as quality and prior record of accomplishment to be taken into full account in the defense acquisition process. We hope that you will continue to support this important initiative.

Defense management review initiatives.—At present, the DOD initiative is evolving. Questions are raised about the savings associated with the initiatives. The implications for the industrial base could be significant. For example, the decision to substitute use of an industrial fund, known as the Defense Business Operating Fund (DBOF), for previously dedicated funded programs, including the Defense Technology Information Center (DTIC) program is troubling.

In the past, DTIC has been supported in the Defense Logistics Agency research, development, test and evaluation line (PE 658013). This particular program is designed to provide centralized services for the acquisition, storage, retrieval and dissemination of scientific and technical information to support DOD research, development and engineering and studies programs. In effect, it serves as a clearinghouse for research activities, is designed to prevent duplication in research efforts, and thereby promote more efficient utilization of scarce financial resources for needed R&D.

The fiscal year 1992/1993 budget eliminates the dedicated funding line and apparently rolls it into DBOF. It is not clear that a well-thought out transition plan has been established. We hope that the subcommittee will examine this issue carefully before agreeing to any elimination of dedicated funding for the DTIC program.

Mr. Chairman, this completes my statement. Again, I appreciate having the opportunity to provide the subcommittee with these recommendations. ADPA stands prepared to assist the subcommittee further.

STATEMENT OF THE AMERICAN INSTITUTE OF AERONAUTICS AND ASTRONAUTICS

Mr. Chairman and members of the subcommittee, on behalf of the American Institute of Aeronautics and Astronautics (AIAA), we thank you for the opportunity to appear before you today to present our views on aspects of the FY 1992 DOD budget.

The AIAA is a nonprofit technical professional society dedicated to advancing the arts, sciences, and technology of aeronautics and astronautics and to promoting the professionalism of those engaged in these pursuits. We have a membership of over 43 thousand engineers and scientists from all levels of industry, academia, government, and private research organizations.

We are proud of the superlative performance of our armed forces in the Gulf War. As engineers and scientists we are especially proud of the key role that our members played in creating the technology that helped so much to bring the war to a swift and decisive conclusion.

DEFENSE TECHNOLOGY

Our country's past investment in technology has paid off beyond our expectations, and we must continue to invest if we are to retain our lead. Maintaining future investment will not be easy, as budget pressures brought about by the federal deficit will result in a projected decline in defense spending of about 3% a year in constant dollars through 1995 and perhaps beyond. As the defense budget declines, pressure will be increased to lower spending on R&D, and within it the Science and Technology program, which includes the Technology Base (6. 1 and 6.2 accounts).

We need to invest in new technology because in the long run it is more economical, more potent and it saves lives. The highly effective F–117 aircraft was able to operate in the Gulf War with near impunity without large numbers of support aircraft because of its stealth technology. The F–117 represented only 3% of the U.S. Air Forces assets in the region, but it destroyed 40% of all strategic targets attacked. This kind of performance will allow the projected force reductions to take place with diminished sacrifice capability

The Air Force Posture statement for FY 1992 contained a chart which showed the forces required to support an attack on a target with precision weapons and stealth aircraft (option C) as compared to an attack with only precision weapons (Option B), and without either stealth and precision weapons (Option A). The chart shows that in current dollars it would cost $2 billion to purchase the forces in package A versus $600 million for package C. In addition, 75 crewmembers are at risk in option A versus 8 in option C.[1] [Chart 1].

Another lesson from the Gulf War is that R&D in reliability and maintainability resulted in the phenomenal 92% mission capable rates for our aircraft. The rate in Vietnam was about 60%. The mission capable rate measures how often an aircraft was available to fly its mission. A high mission capable rate results in a need for fewer aircraft and in further savings. In view of the declining defense budget an investment in technology is clearly a winning strategy.

Why do we need new capabilities when our present ones look so good? We need them because technology does not stand still. It is continually advanced by us and by our potential adversaries. When the Gulf War is analyzed in the coming months and years, weapons makers overseas will be striving to design weapons to exceed our capabilities and thwart our advantage. We cannot stand still; we must move ahead to maintain our advantage.

---

[1] Testimony on FY 1992 Air Force Posture of Honorable Donald B. Rice, Secretary of the Air Force, and General Merrill A. McPeak, Chief of Staff, USAF, 26 February 1991, page 6.

During the period FY 1965–1990, the Technology Base's percentage of the DOD RDT&E program declined from about 25% to 10%. Much of this decline—despite large RDT&E funding increases during the 1980s—results from the emphasis on weapon modernization, readiness and sustainability, all of which served the country well in the Gulf War.[2] [Chart 2.]

It is not hard to understand why the technology base has difficulty getting support. Its part of the creative cycle does not address a specific requirement or produce a specific weapon system. Many of its avenues of inquiry do not produce immediate results. And for those that do lead to success, it may take 15 to 20 years from discovery in the laboratory to putting a system into the field. This time lag makes it difficult to quantify the benefits of our technology base investment and convince decisionmakers—pressed with many difficult trade-offs—to invest in it. We are convinced that now is the time to reverse this declining trend and increase our efforts in the Technology Base.

The AIAA recommends: that the Congress support a strong technology development program in the DOD as the basis for future advances in defense systems.

AIRCRAFT DESIGN AND TECHNOLOGY VALIDATION

Perfection in any discipline requires practice. Designing world-class aircraft, as the U.S. has been doing since World War II, is no exception to this rule. The long-term trends in the number of aircraft designs per company reveals that in the 1950s the number of designs per company was 2.5 aircraft during the decade. Since then the number has declined to 0.6 aircraft per company during the 1990s.

Ben Rich, former President of the Lockheed "Skunk Works," the highly classified plant that designed and developed such aircraft as the U–2, the SR–71 and the F–117, pointed out in a recent interview that his predecessor, the legendary Kelly Johnson, helped design some 47 aircraft during his 50-year career. Rich said that in his own 40-year career he participated in the design of 27 airplanes. "My young engineer today," he said, "is going to be lucky to see one project." He concluded, "We are losing the ability to build [and design] airplanes."

It is apparent that the nation's ability to design military aircraft is shrinking and that we could be losing our competitive lead in this important field. A solution AIAA favors is government funding for more experimental and technology-demonstrator aircraft.

Technology demonstrators are needed not only to keep our design teams sharp, but also to fulfill a real need for demonstrating the cost-effective integration of technologies which cannot be predicted by ground-based means such as wind tunnels or computer simulation. In addition, technology demonstrators provide much better information on performance, technical risk and costs of bringing such technologies to the development stage. The YF–16 and the YF–17 were technology demonstrator aircraft developed for the Light Weight Fighter program. These aircraft led to the development of the highly successful F–16 and F–18 aircraft that performed so well in the Gulf War.

Experimental or "X" aircraft are a different breed of flying machine. Such aircraft are not so closely related to a program, as in the case of the Light Weight Fighter, and thus do not immediately result in a production aircraft. The X–29 developed by DARPA, for example, was built to demonstrate a unique forward-swept wing design, advanced technology in materials, and digital electronic control systems. The X–30 is being designed to demonstrate the many technologies needed to build a single-stage-to-orbit vehicle for the National Aerospace Plane program (NASP). The X–31 is being tested to demonstrate maneuverability of fighter aircraft under high angles of attack, beyond conventional aerodynamic limits.

If we are to keep our design teams together and maintain the expertise that has produced the finest aircraft in the world, the DOD must provide sufficient resources to continue design of various kinds of experimental aircraft to advance the state of the art in aeronautics.

We therefore recommend: Increased funding for the Advanced Technology Development, or 6.3A, category of the DOD R&D program for technology demonstrator and experimental aircraft design and flight test.

SPACE

Military and civil space assets played a critical role in supporting successful operations in the Gulf War. The use of these assets was so extensive—even tactical commanders were using them—that military analysts were calling this "the first space war." These roles included intelligence, warning (especially of Scud launches), navigation (the Global Positioning System was absolutely critical to position location in the featureless desert), weather forecasting and communications.

---

[2] "DOD Science and Technology Trends 1962–1990," DOD, 1990.

The demand for space-based capabilities was so great that even civil communications and remote sensing satellites were used. Landsat and Spot Image data were purchased to update maps of the region. Intelsat and Inmarsat communications satellites supplemented the Defense Satellite Communications System (DSCS). Meteorological satellites from NOAA and from other nations supplemented the Defense Meteorological Support Program (DMSP) satellites.

The use of space assets during Desert Shield/Storm demonstrates the importance of space as a theater of warfare. In a future conflict, we might be faced with an enemy who has space-based capabilities that could frustrate terrestrial tactics such as General Schwartzkopf's "Hail Mary" flanking maneuver that cut off the escape of Iraq's forces at the close of the war. You will remember from the General's briefing that he said, "Once we had taken out his eyes (the Iraqi Air Force) . . . we did a massive movement of troops all the way out to the west." If Iraq had had a reconnaissance satellite, that maneuver could have been disclosed and the crucial element of surprise lost, probably resulting in many more casualties to our forces. Like other theaters of warfare, thought must be given to how we may destroy the enemy's space assets while protecting our own.

SMALL SATELLITES

In a position paper published in 1989, the AIAA advocated the use of small satellites for military applications.[3]

The virtue of small satellites is that they cost less to build and launch than their larger cousins. They also offer a less tempting target because of their size and limited mission, and they can be launched quickly in time of conflict to cover an emerging need. They have applications in remote sensing, intelligence gathering, and communications.

During the Gulf War a small DARPA experimental satellite called MACSAT, for multiple access communications, was utilized with great effect by the Navy and Marine Corps to relay logistics information back to the U.S. We believe small satellites have a strong future.

We therefore recommend: Strong support for programs to advance the utilization of small satellites in DOD programs.

Space transportation.—One of the keys to maintaining the defense space capabilities needed for future engagements is transportation. As in the civil space program, a viable space defense sector requires low-cost reliable launch systems able to provide assured access to space at all times.

The current stable of DOD launchers, Titan 2, Titan 4, several Atlas configurations, and Delta–1 and Delta–2, are all products of technologies and systems originally developed in the 1950s and 1960s. Although the current models have incorporated many advances, these vehicles still represent a decades-old "culture" in the overall philosophy of their design and operations. Because they were derived from an overall R&D approach, in which performance dominated all elements of design, manufacture, and operations, their cost is high and their ability to launch when needed is low.

The Administration has recognized the need for replacement of these current launch systems by requesting funds for development of a new system which places emphasis on cost and reliability rather than performance, and which focuses on the processes of design, test, manufacture, and operations rather than on the vehicles alone. Moreover, this system also meets the needs of the civil space program, which shares the FY 1992 budget request equally with the DOD. The technology once developed, could offer the U.S. launch industry an opportunity for a significant competitive advantage in the world commercial space-launch marketplace.

It has been recognized for years that the nation needs a new national launch system to move beyond the R&D era of space into the operational era. That need was identified in an Aerospace America editorial in March 1984, and again by Vice President Quayle in his role as Chairman of the National Space Council in January 1990, and most recently by the December 1990 report of the Advisory Committee on the Future of the U.S. Space Program. The demonstrated value of U.S. satellite assets in Desert Storm is a further indication of the need to lower launch costs and improve launch system operability to take advantage of the increased capabilities available to us in space.

---

[3] Small Satellites: A Neglected Space Opportunity, An AIAA Position Paper, September 1989.

We therefore recommend: Strong support for the joint DOD/NASA national launch system to provide a family of launch vehicles that will satisfy the future needs of the DOD, NASA and the commercial sector.

Future space transportation.—The lesson that we should not rely on high-cost, inflexible space transportation systems to meet the key requirement of all space operations is clearly our motivation in preparing for the future. The next step beyond the National Launch System should employ the advanced technologies now being developed by the National Aerospace Plane (NASP) program (also jointly supported by DOD and NASA). NASP is an R&D program whose goal is to employ an experimental aircraft, the X-30, to demonstrate the technologies and systems needed for single-stage flight into orbit. However, operational vehicles which may be derived from NASP will embody an operational philosophy much closer to that of air carriers than to previous generations of space launchers. The potential cost savings and online availability offered by that philosophy warrant investment in NASP technology and in other single-stage to orbit concepts. Note, too, that this program has already demonstrated significant technology "spinoffs" to other DOD (and civil) aeronautical applications, and is likely to revolutionize our capabilities for hypersonic flight in the atmosphere.

We therefore recommend: Full support of the Air Force's funding request for the National Aerospace Plane program to develop the X-30 flight vehicle intended to demonstrate the technologies necessary for developing a reusable single-stage-to-orbit capability. We also support continued investigation of other single stage to orbit concepts.

THE DEFENSE INDUSTRIAL BASE

INDEPENDENT RESEARCH AND DEVELOPMENT

A major source of the industrial technology base is Independent Research and Development (IR&D). IR&D is the research, exploratory and advanced development done by a company at its own initiative which allows it to compete for the contracts to produce the weapons systems the government wants to buy. It is also a major source of innovation for defense technology. For example, while the DOD was funding the development of composite jet engine turbine blades, General Electric and Pratt & Whitney developed on their own the superior single-crystal turbine blade now used in the most advanced jet engines. Other examples are Honeywell's Ring Laser Gyro and Texas Instruments' Forward Looking Infrared System (FLIR) and numerous technologies that McDonnell-Douglas and General Dynamics incorporated into their highly successful F-15 and F-16 aircraft.[4]

To the extent allowed by the DOD, IR&D costs are included in company overhead as a legitimate cost of doing business, and that overhead is charged to the government in its contracts with industry. Overhead charges are customarily reviewed for reasonableness by government contracting officers and auditors later on. Overhead review is a normal part of doing business with the government. What concerns the contractors and the AIAA as well is that the government places a dollar ceiling on the IR&D that may be charged to contracts, regardless of its merit and reasonableness as an overhead cost. The result is that industry spends more on IR&D than the DOD will recognize in contract overhead rates. Last year these "allowable" costs were about 79% of actual expenditures.

Moreover, IR&D is recovered by the contractor in government contracts, but if you don't win the contract you recover nothing. To make matters worse, the current downturn in defense spending and the procurement reduction that accompanies it means that there will be fewer contracts to absorb the costs of industry IR&D activities. The result is that industry will reduce its IR&D and our country will see a decline in its industrial technology base. In these competitive times that is an ominous outcome.

We therefore recommend: That companies be permitted to allocate to government contracts their full share of reasonable IR&D costs.

FINANCIAL HEALTH OF THE DEFENSE AEROSPACE INDUSTRY

If the country is to have a strong military establishment, it must have a strong defense industrial base. Numerous reports have addressed this issue over recent years, particularly in areas where federal policy has contributed to a weakening of the industry. We are troubled about the health of the defense industry, which we find precarious, and wish to draw your attention to a few indicators that are cause for concern.

---

[4] National Benefits of IR&D, Aerospace Industries Association, 1988.

Since 1985: The Standard and Poor's index of 400 industrial stocks climbed 90% while major defense stocks declined by 9%; the debt of major defense industry contractors has increased by 187% to $15.2 billion; and defense industry return on sales declined from 5% to 2% at the end of 1989, as compared to the S&P 400, which increased from 6% to 7.6%. Return on assets for the industry declined from 9.9% to 3%.[5]

Some of the defense industry's problems resulted from the federal requirement to use fixed-price rather than cost-plus development contracts for high-risk programs. This requirement was imposed despite a mountain of evidence that it is extremely difficult to foresee what it will cost to develop or build almost anything. As chart 3 [6] indicates, a survey of 51 weapons systems revealed that the average overrun was about 40%, which was nevertheless significantly lower than that of many civil and government projects.

The cancellation of the A-12 naval aircraft program (estimated cost was overrunning by 25%) caused considerable fiscal grief for the two prime contractors, not to mention the many subcontractors, and the 8,000 employees (3500 of whom were engineers) who were laid off. Gerald Cann, Assistant Secretary of the Navy for R&D and Acquisition, said one of the lessons learned from the A-12 cancellation was to avoid fixed-price contracts. While fixed price development contracts are no longer awarded, they have taken a toll on industry, accounting for most of the industry's $5 billion plus write-offs to profit in the last 3 years, and we hope that this trend will not continue with the remaining fixed price contracts.

Coupled with fixed-price contracts there has often been an onerous requirement that industry share the cost of developing the weapons system. Air Force Secretary Donald Rice said during his announcement of the ATF competition winner that the Pentagon had "probably erred in requiring the losing team to invest $750 million toward the cost of developing the plane without any chance of recouping the funds." He said that such cost-sharing arrangements on fixed-price contracts had "drained the industry of much of its working capital" and would not be used in the future.

Another significant problem contributing to the decline of the defense industrial base is the low level of progress payments on contracts by defense contractors. These are the periodic payments made by the DOD to contractors for work performed. The current rate of payment is 80% of funds spent by the contractors. Industry estimates that it would take a 95% payment level to bring its return on investment up to the minimum cost of capital it must earn on investment. If industry can't achieve that goal it would be better for it, as one CEO recently remarked, to invest its capital in long-term government securities, than in the next generation defense system.

It is important that the defense industrial base remain fiscally sound if the government is to maintain its ability to build the most advanced systems and keep its military leadership in the world. Past procurement practices such as fixed price development contracts have damaged industry. And continuing practices such as low progress payments and capped IR&D expenditures, as noted earlier, will continue to weaken the industry unless steps are taken to rectify these and other problems.

We therefore recommend: That the Congress review the fiscal strength of the defense industrial base, giving particular attention to the importance of increasing progress payments to industry for work accomplished.

DEFENSE UNEMPLOYMENT

A final matter of great importance to us is the job displacement of engineers and scientists that will result from the reductions in defense spending. These people are among the most skilled and talented in the nation, and they have spent their working lives creating the most advanced technology that worked so very well in the Gulf War and saved perhaps thousands of lives. These people are the seldom sung and sometimes vilified heroes in the industrial trenches of our country. The government and the nation also owe them a debt of gratitude for bringing their expertise to the service of the nation.

Every effort must be made by the federal government to assist those who have been and will be displaced by defense reductions to find new jobs. It is not only a just return for their service, it is also a wise investment policy for the nation's economy.

---

[5] Standard and Poor Aerospace Index.

[6] "A Quest for Excellence," Appendix, Final Report by the President's Blue Ribbon Commission on Defense Management, June 1986, page 62.

We therefore recommend: Assisting the engineers and scientists who are unemployed as a result of defense cutbacks by providing funds for job counselling, job banks, and retraining, if necessary, and by seeking other innovative approaches to retaining this talent.

NATIONAL SCIENCE AND TECHNOLOGY CAPABILITY

The AIAA is concerned that as the defense budget declines the U.S. will suffer a further decline in its scientific and technical competitiveness. While increasing the funding for the DOD technology base will help to alleviate this decline we must be aware that the DOD directly funds less than one third of the national work in this area—the rest is done by the private sector through government funded full scale development and production contracts and IR&D. The decline in the defense industry will therefore have a large impact on the national technology base.

We therefore recommend: The Congress direct the DOD to perform a study of the impact that the declining defense budget will have on the nation's scientific and technical capability. This study should assess trends in funding and recommend action to be taken to maintain an adequate investment in the nations's science and technology base.

We thank you for allowing us to present our views and we will be happy to answer any questions you may have.

CHART 1

THE VALUE OF STEALTH

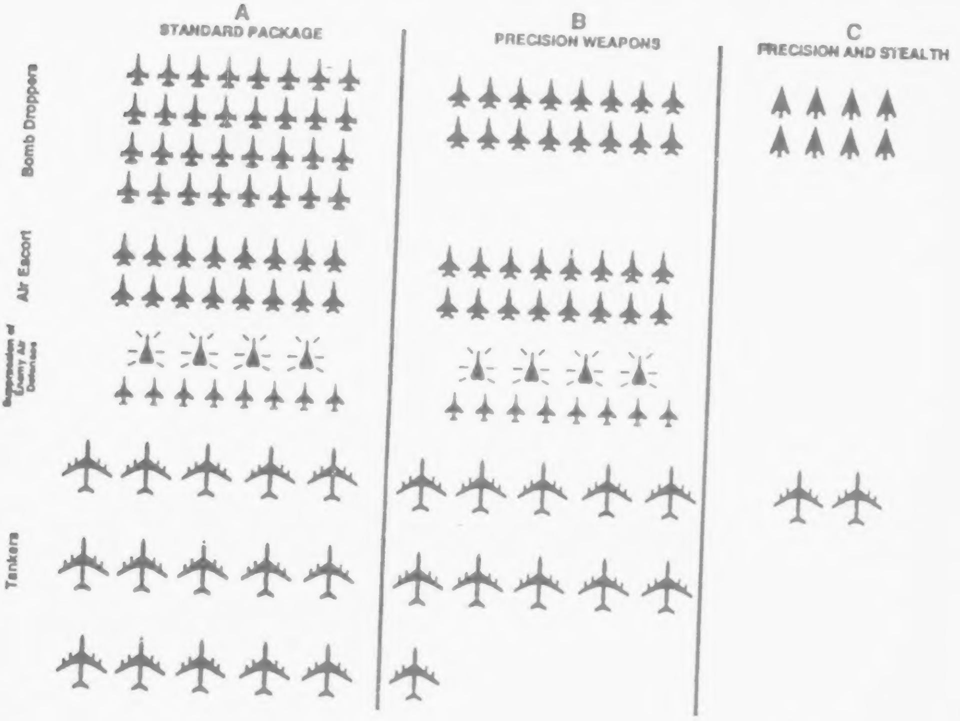


CHART 2

DoD SCIENCE & TECHNOLOGY TRENDS
1962-1990

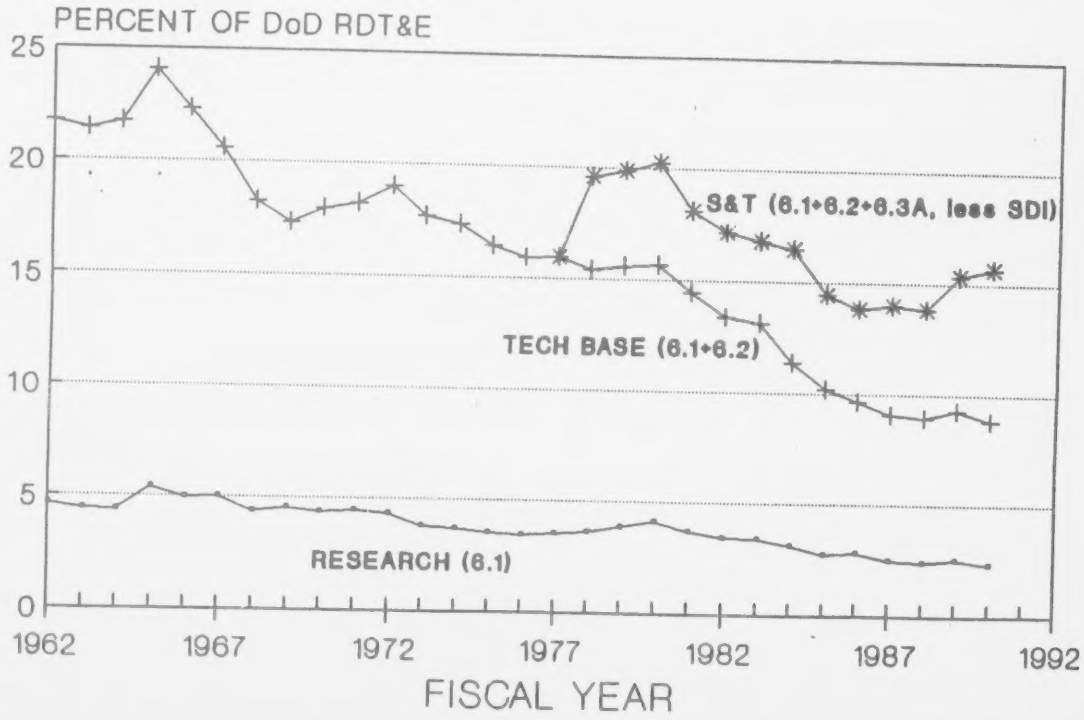
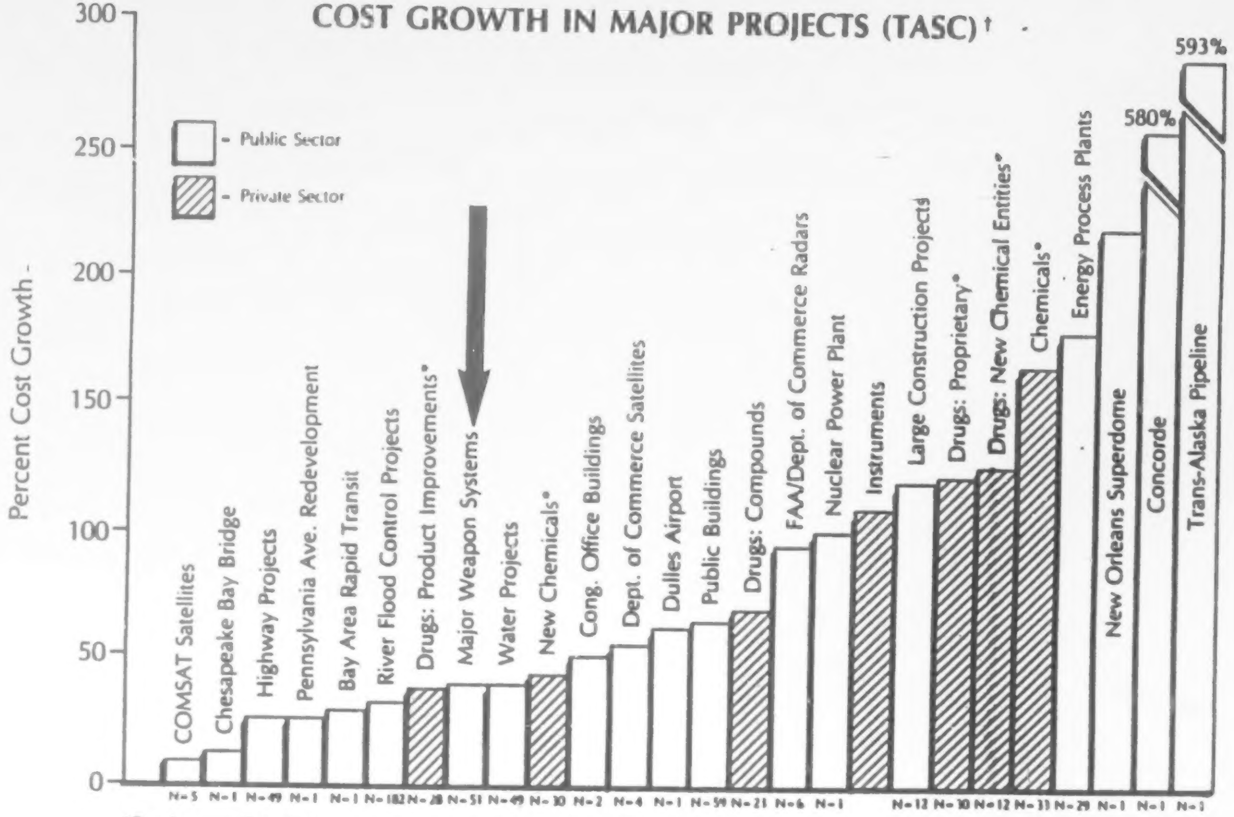


CHART 3

COST GROWTH IN MAJOR PROJECTS (TASC)†



*Development Costs Only

N=Number of Cases Considered

†Adjusted for Quantity and Inflation

Source: F. Biery, The Analytic Sciences Corporation (TASC), "Cost Growth and the Use of Competitive Acquisition Strategies," The National Estimator (Journal of The National Estimating Society), Vol. 6, No. 3 (Fall 1985).

STATEMENT OF JACK HIGGINS, CHAIRMAN, COMMITTEE ON GOVERNMENT LIAISON, FINANCIAL EXECUTIVES INSTITUTE

BACKGROUND

Mr. Chairman, and committee members, my name is Jack Higgins. I greatly appreciate the opportunity to present this statement to the Subcommittee to discuss the need for support of the resources necessary to implement the Chief Financial Officers Act of 1990 ("CFO Act").

I am the Chairman of the Committee on Government Liaison of the Financial Executives Institute, a professional association of over 13,500 senior financial executives from 7,000 major companies throughout the United States and Canada.

Mr. Chairman, the CFO Act was passed by Congress as a step down the lengthy road toward federal financial management reform. The need for such reform is great. In testimony before Congress, Office of Management and Budget Director Richard Darman conceded that management problems in the federal government are enormous and that mismanagement could ultimately "affect the basis for confidence in democratic government." The budget crises facing the nation—multibillion dollar deficits—leaves the federal government little choice but to adopt responsible financial management policies.

Until the passage of the CFO Act, no one entity was solely vested with the responsibility for oversight of financial management practices in the federal government. Responsibility for this function was segregated among a number of Executive agencies and Congress. This resulted in fragmented oversight, at best, and negligible accountability relative to that normally found in most businesses This deplorable situation exposed the government to even greater risks of waste, fraud, and abuse. With the federal government's total operating budget currently in excess of $1 trillion annually, we who are responsible for corporate financial management found this situation completely incomprehensible and intolerable.

Responding to these concerns, the Congress, in the last hours of the 101st Session, enacted the CFO Act. This new law provides broad statutory authority to officials responsible for financial management in the Office of Management and Budget and in 23 departments and executive agencies. The Act enjoyed strong bipartisan support in both the House and Senate, and the Administration has expressed a strong commitment to its implementation.

PROVISIONS OF CFO ACT

While the CFO Act creates new reporting responsibilities for the Office of Management and Budget, the General Accounting Office, and individual Inspector Generals, it is the new responsibilities of the Executive agencies that I bring to your attention today. The new responsibilities of departments and agencies include the following.

(1) The CEO Act directs that all 14 cabinet departments and nine major agencies shall have a Chief Financial Officer who shall report to the agency head. Department CFO's and the CFO's at EPA and NASA shall be appointed by the President and confirmed by the Senate and be at executive level IV. The remaining agency CFO's shall be appointed by the head of the agency and be career government servants.

(2) Agency CEO's must possess demonstrated ability in general management and knowledge of and extensive practical experience in financial management practices in large governmental or business entities.

(3) OMB is required to issue guidelines on how agencies should reorganize their financial management operations under the agency CEO. Upon receiving the guidelines from OMB, the head of each agency must submit a reorganization proposal to the Director of OMB. OMB has 60 days to approve or disapprove the proposal and notify the head of the agency.

(4) Not later than June 30 of each year, each department and agency shall prepare and have audited financial statements for their revolving funds, trust funds, and commercial activities for the preceding FY. It also requires six departments, two administrations, and two services to prepare agency-wide financial statements on a test pilot basis. The statements are intended to identify financial weaknesses and vulnerabilities within agency operations. The statements and audits for each agency shall be submitted to OMB which shall submit a final copy of the reports to Congress.

(5) Government Corporations are required to prepare financial statements and audits each year. The corporations must also submit an annual management report to Congress not later than 180 days after the end of their fiscal year.

APPROPRIATION SUBCOMMITTEE ISSUES

Members of Financial Executives Institute's Committee on Government Liaison are very concerned about the level of resources directed to implement this new law. We have prepared the following suggested questions which we urge you to pose to agency heads under your Subcommittee's jurisdiction. We have also taken this opportunity to prepare elements of what we perceive to be the appropriate response by the departments.

(1) *Question. Has your agency identified a Chief Financial Officer and Deputy Chief Financial Officer in accordance with the CFO Act of 1990?*

Suggested response: By this time, all departments and agencies should have identified Chief Financial Officers.

The CFO Act directs that departments and major agencies shall have a Chief Financial Officer who shall report directly to the agency head. Each of these CFOs will have a deputy who shall be appointed by the head of the agency and have a career reserved position in the Senior Executive Service. Sixteen of the 23 agency Chief Financial Officers are to receive compensation at the executive level IV.

This new law was not seen as a vehicle to simply elevate current incumbents to a new senior level. Framers of the CFO Act envisioned the cabinet departments searching extensively for personnel with broad experience as a senior financial executive in a corporate or government setting. New offices should be developed separating the finance function from other administrative responsibilities of a federal agency. Additionally, the office of the CFO should have adequate manpower and budgetary support to successfully carry out its mission.

(2) *Question. What is the background and experience of your Chief Financial Officer and what authority does this individual hold?*

Suggested response: All Chief Financial Officers should possess demonstrated ability in general management and knowledge of and extensive practical experience in financial management in large governmental or business entities. Section 902(a) of title 31 prescribes the authority and functions of the agency CFO. They include: (*a*) report directly to the head of the agency regarding financial management matters; (*b*) oversee all financial management activities relating to the programs and operations of the agency; (*c*) develop and maintain an integrated accounting and financial management system, including financial reporting and internal controls; (*d*) recommend to the head of the agency individuals to be selected as the Deputy. CFO; (*e*) direct, manage, and provide policy guidance and oversight of agency financial management personnel, activities and operations in the areas of implementing the five-year financial management plan prepared by the OMB Director, recruitment of financial management personnel, systems design, and asset management systems; (*f*) prepare and transmit an annual report to the agency head and the Director of OMB, which includes an analysis of the status of financial management in the agency, including any annual financial statement and audit report, and a summary of the report on internal accounting and control systems; (*g*) monitor the financial execution of the budget of the agency in relation to actual expenditures and prepare timely performance reports; and (*h*) review, on a biennial basis, the fees, royalties, rents and other charges imposed by the agency for services and things of value it provides and make recommendations on revising those charges to reflect costs incurred by the agency in providing the services.

(3) *Question. What steps have been taken to prepare the department's financial statements?*

Suggested response: Section 303(a) of the Act amends Subchapter II of chapter 35 of title 31, U.S. Code, by adding a new section 3515. Section 3515(a) requires agencies to prepare financial statements by March 31, 1992 and each year thereafter, for agency revolving and trust funds and for agency offices, bureaus, and activities which performed substantial commercial functions during the preceding fiscal year.

Section 3515(b) requires that financial statements reflect the overall financial position of the agency revolving funds, trust funds, and offices, bureaus and activities covered by the statement, results of operations, cash flows or changes in financial position, and a reconciliation to the budget of the agency.

The standards necessary for consistent development of departmental financial statements are still being prepared by the Office of Management and Budget and the Federal Government Accounting Standards Advisory Committee Agency heads should note their responsibilities in this area and discuss the detail of guidance received from OMB and the agencies timetable to prepare such statements.

(4) *Question. What level of funding and personnel (FTE) has been identified to fulfill the CFO function?*

Suggested response: The Financial Executives Institute does not recommend a level of funding or personnel necessary to perform this function in each department or agency. The subcommittee should ensure, however, that the agency head has thoroughly considered the enormous undertaking required to establish appropriate financial systems and controls and to prepare annual financial statements. The key responsibilities of these offices will include:

(*a*) Implementing government-wide, uniform accounting standards; (*b*) issuing annual financial statements; (*c*) planning long range for financial accounting and reporting systems; (*d*) establishing federal financial management policies, practices, and internal controls; (*e*) providing guidance to and assisting federal program managers in implementing integrated accounting systems and procedures; (*f*) reviewing financial audit reports and responses and reporting material weaknesses to the agency head and Congress; (*g*) providing guidance and consent on the appointment and evaluation of financial managers within the department; and (*h*) establishing training standards for financial professionals throughout the department.

CONCLUSION

Again, let me restate our view that enactment of the Chief Financial Officers Act of 1990 was not meant to simply codify "business as usual." Framers of the CFO Act called for fundamental reform of the federal government's financial management practices. These reforms included: (1) appointment of senior financial executives named by the President and confirmed by the Senate, but selected on solid experience in the financial management arena; (2) departmental CFOs supported by deputies with years of proven financial experience in government entities; (3) adequate funding and manpower to perform enhanced financial responsibilities; (4) preparation of financial statements; and (5) audit of agency financial practices by the General Accounting Office and Inspector Generals.

The corporate financial executive community calls upon the Appropriation Subcommittees of the House and Senate Appropriation Committees to ensure that the provisions of the CFO Act are carried out to the fullest intent of the law.

STATEMENT OF FR. T. BYRON COLLINS, S.J., SPECIAL ASSISTANT FOR CONGRESSIONAL RELATIONS TO THE PRESIDENT OF GEORGETOWN UNIVERSITY

Mr. Chairman and members of the subcommittee, I am T. Byron Collins, S.J., Special Assistant to the President of Georgetown University. I am accompanied by Helene Robertson, Assistant to the Executive Vice President for Health Sciences at Georgetown. The University appreciates the opportunity to file this brief testimony.

We wish to thank the Committee for their support of the Armed Forces Health Professions Scholarship Program. In this tri-service program, young men and women receive a scholarship for attending medical school and fulfill service obligations upon completion of their training. The program fills a double need: it provides a wonderful opportunity for young people to finance their medical education and it provides a major source of physicians to the Armed Forces. The programs are competitive, and we are proud of the 140 Georgetown students who participate. We appreciate the Congress' continuing support of the program.

JOINT STATEMENT OF FR. T. BYRON COLLINS, S.J., AND FR. WILLIAM L. GEORGE, S.J., SPECIAL ASSISTANTS FOR CONGRESSIONAL RELATIONS TO THE PRESIDENT OF GEORGETOWN UNIVERSITY

We are Father T. Byron Collins, S.J. and Father William L. George, S.J., special assistants for congressional relations to the president of Georgetown University. We are appearing before you today to testify on behalf of the university's Street Law program. Presently funded as part of the Department of Defense's Dependent Schools Program, Street Law was a new item in the FY 91 budget. We are here to describe the program and what we are proposing to the Department regarding the program's continuation and expansion during the next year.

The Street Law program began with the assistance of Georgetown law professors and students at two District of Columbia high schools. It is a program in which students learn about the American legal system from a practical point of view. Over the past two decades, this program has met with much enthusiasm from school officials, teachers and particularly students that it spread across the country.

Since 1978, Congress has supported the nationwide expansion of the Street Law program as part of its delinquency prevention effort under the U.S. Office of Juvenile Justice and Delinquency Prevention. The success of this program is seen in the increasing legal knowledge of young Americans and the reducing number of delinquents. In order to remain effective the program requires teacher training, strong administrative and peer teacher support and the use of legal resource people (e.g., police officers, lawyers, and judges) to assist in the classroom and participatory methodology, which is the hallmark of Street Law courses.

Not only does Street Law encourage students to be law-abiding citizens, but it also provides them with the skills needed to function effectively in a democracy. The focus of these skills is also on methods of participation: voting, working for candidates and running for office. Through this system the Street Law program is able to establish roots and inspire potential active citizens.

In FY 91, Congress approved a pilot Street Law program for schools in Germany. Plans are under way to train fifteen teachers and administrators from five German high schools in the content and methodology of Street Law and then implement the program in the fall of 1991. To date, Georgetown University staff working on the project have met with enthusiastic interest from Defense Department School officials, who are helping to identify the schools for the pilot project. The project will have an added curriculum goal of teaching students about the law and legal system of Germany and the code of Military Justice. Since the students and their families are to some extent subject to these two other systems of law, it is important that they gain a basic understanding of them. Georgetown, with the aid of experts in German and military law, is preparing supplementary materials for the teachers and comparative law lessons for the students. There will also be an effort to utilize military police and Judge Advocate General and German lawyers in the classrooms to assist the teachers.

The enthusiasm of those who have been involved in the project and the expected success of the pilot demonstration classes leads us at Georgetown University to propose to the Department an expansion during the next year to additional Defense Department schools in Germany and other European countries. Because the materials on both German law and the code of Military Justice are expected to be completed during the first year, we anticipate that a second-year program can impact on more schools in a very cost effective manner.

We will be proposing that the program in the second year continue to work with the five first-year schools and expand to another ten high schools in Germany. We will also be able to expand to other schools in the Department's Atlantic region, perhaps in Great Britain and the Netherlands or Belgium, depending on which schools the Office of Dependent Schools believes would most benefit from the program. Schools in other countries would benefit from the experience with successes and problems during the program's first year and would be able to use the supplementary materials prepared on military law.

We will be requesting that the Department of Defense increase the budget for the Street Law program from $150,000 to $500,000 for FY 1992. This will enable the program to expand from five to fifteen schools in Germany and to add another five schools in the Atlantic region for a total of twenty schools in Europe. Under this proposal, Georgetown will continue to provide assistance in curriculum design, teacher training, and use of the curriculum on military law and the law of the specific countries where the schools are located.

Thank you, Mr. Chairman, for the opportunity to submit this testimony on the Street Law program, which we think will be of great benefit to the Department of Defense schools.

STATEMENT OF THE NAVAL ENLISTED RESERVE ASSOCIATION

Mr. Chairman, committee members, the Naval Enlisted Reserve Association thanks you for the opportunity you have provided us to present this statement to your Subcommittee. We also want to thank the Committee for its dedication and determination to provide a strong Guard and Reserve for our Country.

The Naval Enlisted Reserve Association (NERA) would like to take this opportunity to support the testimony presented by the Naval Reserve Association and the Reserve Officers Association of the United States. The issue at hand for which this statement is tendered concerns incentive pay or Naval Reserve Sea Pay for those selected reservists assigned to Naval Reserve Force (NRF) Ships.

Historically, the assignment of Selected Reservists to NRF ships has never been 100% successful. Naval Reserve personnel who left active duty did so mainly because they did not want further sea duty. Their assignment to NRF ships further exacerbated the negative perceptions on their assignment to these ships. The morale and readiness of those personnel was also affected. These two factors often led to the Reservists severing their affiliation with the Naval Reserve much earlier than those not assigned to the NRF ships. NERA supports the payment of sea pay or incentive pay to all selected reserve personnel assigned to NRF ships in order to alleviate the negative perceptions that accompany such assignments. Further, we believe that these payments may add to retention of personnel and ease recruiting to these billets.

Under the total force concept, the enlisted reserve components serve side-by-side with their active duty counterparts. The dichotomy here is in the area of reenlistment bonuses. While the active Navy members in specified rates are eligible for Selected Reenlistment Bonuses (SRBs), the Naval Reserve personnel serving in the same ratings are precluded from receiving an SRB. NERA believes that the denial of SRBs to Naval Reserve personnel is not in keeping with the Total Force Concept. NERA recognizes, however, that budget limitations will dictate the decision to award the bonuses to Naval Reserve personnel. However, NERA strongly recommends, in the interests of fairness, that those Naval Reserve personnel who are performing the same duties in the same ratings as their active duty counterparts receive Selected Reenlistment Bonuses.

Mr. Chairman, this completes our statement. Again, thank you for the opportunity to present it. We will be happy to address any questions you may have or to provide any additional information to your Subcommittee.

STATEMENT OF THE EUROPEAN CONGRESS OF AMERICAN PARENTS, TEACHERS, AND STUDENTS

[CLERK'S NOTE.—Unfortunately, the first page of this statement was lost in transmission. Consequently, the testimony begins with page 2. The subcommittee regrets any inconvenience this may cause.]

* * * own, ECAPTS represents 21,000 parents, teachers and students in local units in eight countries in Europe. The recently formed Pacific Congress of Parents and Teachers represents a similar constituency in Japan and the Pacific region of the world. Together, ECAPTS and the Pacific Congress represent the 150,000 DoDDS students worldwide, even where no formal PTAs exist. We elect officers and a board of directors, and in most ways operate similarly to each of the other state PTAs.

While stateside schools have superintendents and boards of education to supervise their fiscal policies, you are our support. We ask that you consider our testimony as you prepare the FY 1992 DOD appropriations bill, which includes funding for the DoDDS system. Our comments today will focus on DoDDS funding in three particular areas: staffing, construction and the expected military draw-down. Our recommendations can be summed us very briefly. We want to ensure that DoDDS funding be sufficient to allow our schools to provide quality education and related support services to all those who are eligible.

STAFFING

Last year, we appealed to you to allow DoDDS to hire replacements for staff positions that were vacated. We did not ask for expansion of staff, but rather just to fill staff positions needed to carry out our regular operations. This year, we have the same request, with a clarification. Currently there is an exemption from the hiring freeze that allows us to hire up to 700 people from those already in the system, but this does not always fill the needs of DoDDs. For example, someone who may be locking for a job will not necessarily match up to the qualifications of an open position. We want to be able to hire the most qualified candidates, however, these limitations restrict this ability, and have directly affected the day-to-day operation of many schools. In addition, many early and scheduled PCS moves are causing large losses of clerical staff, teachers and substitutes. It is unclear what will happen when we exhaust the 700 allotted hires.

Staff reductions are creating logistical problems for students and their parents. For example, high schools generally have extra teaching slots to cover the mandated seventh period for schools having 12th grade, while most middle schools and junior high schools do not have this extra position. This difference in staffing and structure creates problems because many of the schools coordinate bus schedules and share facilities, and thus have the same schedules as high schools, but not the same staffing levels.

What we stressed last year is as important today: As long as there are students in a school building on a base or post, support and other staff will be needed. Students have to register, withdraw from classes, be counted, scheduled, supervised and counseled. For all of this they need your support.

CONSTRUCTION

We realize that there are no funds for new construction, given the expected draw-down. However, as do our stateside counterparts, DoDDS parents and teachers have serious concerns about the decaying infrastructure of our schools' physical plants. We are particularly concerned about the ordinary decay, which occurs as a natural result of age, that has affected the quality of education we are providing at DoDDS facilities.

It is difficult to teach students in school buildings that are not safe and appropriate. We need to ensure that adequate and safe space be provided DoDDS students for as long as the schools operate. For this we need adequate funding for building repairs and maintenance.

THE EXPECTED DEFENSE "DRAW-DOWN"

We are well aware that the Department of Defense is scaling back its military operations in Europe. And we are aware that DoD's short-term and long-term decisions will affect the DoDDS system. Attention was diverted from this "draw-down" during the months of Desert Shield and Storm, however, our concern—that the children in DoDDS schools not be lost to administrative or financial neglect—remains as strong as ever. Our primary goal in the defense operations draw-down is that parents be informed about, and participate in, decisions that are made regarding the draw-down, and throughout the implementation of the draw-down.

We are very concerned, because to date, the process has been very secretive and virtually closed to parent input. The DoDDS draw-down panel was supposed to have met in May, but has now postponed this meeting until the summer. Meanwhile rumors have run rampant throughout the schools and communities and we do not have information to counteract them. The parents and the teachers, who certainly have a stake in what is happening, are not included among those felt to have a "right to know." In April, 1991, Stars and Stripes announced seven definite school closures for the 1991–92 academic year, with a possible two more to be announced. When will parents receive word? In August, right before the school year starts?

We understand that DoDDS is a relatively small element of the overall DoD budget, but it is a critically important one. However, even if decisions are made to close or down-scale bases, actual implementation will take time. In the meantime, we need to be sure that our children's education does not suffer. In order to ensure this we ask that, at least, the current level of services continues. This includes replacing every school-level and above- school-level civil service employee when vacancies occur. DoDDS must continue the services now available for students in grades K through 12, including special education programs for children with handicaps and those who are gifted and talented, the athletic programs, the Model United Nations program, etc.

We ask Congress—which acts as DoDDS' school board—for assurance, in making its DoD funding decisions, that sufficient flexibility will be provided to DoDDS to allow them to adjust to the changes and to assure that adequate preparations are made during any draw-down at DoDD facilities. We ask that decisions be made at the local level, to the extent possible, so that the needs of the individual bases can be taken into account in the draw-down.

OPERATION DESERT STORM

Last year, when ECAPTS presented oral testimony before your Subcommittee, Operations "Desert Shield" and "Desert Storm," had not yet been initiated. Throughout our recent involvement, one thing became clear within the DoDDS system. School personnel played an instrumental role in providing support to families, especially the school children, and in offering stability during a time of crisis; and performed exceptionally well! In a recent memorandum, DoDDS, the USAREUE and DOD expressed their appreciation for these efforts, an acknowledgement we were very pleased to receive.

DESERT STORM CASE HISTORIES

To give you a sense of our involvement—it is worth noting here a few "real life" stories from Desert Storm—and some of the problems DoDDS personnel and parents faced.

In one situation, the single mother of a high school senior and her elementary school-aged sister was deployed in the early Fall. Power-of-Attorney for the older girl was given to another female soldier (who also has a high-school-aged daughter) and the younger child was placed with a family with both parents at home. In December, the soldier with power-of-attorney was deployed. The high school student, on her own, seeks out a friend two-and-one-half hours away to assume responsibility. Eventually, the school is notified and asked for its recommendation on the girl. School counselors and administrators recommend that the senior, her sister, and the senior's friend who has also been left alone be sent stateside to live in more stable family environments. This whole process took several months, and was highly disruptive to all involved, at a critical junction in these girls education.

In another case, a high-school sophomore had an infant daughter. Her father was deployed to Saudi Arabia and left power-of-attorney with the family of the infant's father (who is also a high-school sophomore). The boy's family emotionally abused the girl and tried to get custody of the baby. The teenagers tried to secure another guardian, but faced legal and procedural barriers. In the meantime, the Army Community Service and School's officer was contacted and began to track the case. After a couple of weeks, a new guardian was approved and the young mother withdrew from school and moved with her baby to a new temporary home. The boy and his family moved back to the U.S. There was a problem here, in the links between the community and the school in resolving the problems that arose, there was a lack of follow-up between the community and the school, and since DoDDS has no mandatory attendance policies, no one also knows if the girl ever returned to school.

In the third example, the single father of a middle-school child who has a history of emotional and behavioral problems, and a younger brother, was deployed. The boys' mother lives in the U.S. but has had no contact with them. The boys were left alone, away from the American community and support system set up on base. Power-of-attorney was given to German neighbors who had no access to the military facilities, including medical care and commissary. As a result of the increased responsibilities the boys now had, they began to experience difficulties in school.

In the final example, a senior high school boy was left alone with a younger brother when both his parents were deployed. The added responsibilities of his new role caused him to quit the basketball team. The coach, sensing this, invited him to bring the younger brother to daily practice, at least giving him a place to be every day.

Aside from serving as alarming anecdotes, these case histories illustrate specific needs in DoDDS communities. For example, there needs to be more timely follow-up with family support services provided within the communities. There also needs to stronger accountability for minors left behind after their parent(s) deployment. And finally, there needs to be better monitoring of how effectively the current system of assigning power-of-attorney works. These problems arose in part because the rapid deployment of troops for Desert Storm created staff vacancies for these family support services, at a time when they were probably more critically needed than usual. Some vacancies remained unfilled, and others were filled by inexperienced staff or reservists with no relevant experiences, which exacerbated many of the problems children faced when their parents were deployed. In the future, this situation could be remedied with additional, qualified staff to assure that these social services continue.

In conclusion, I need to express the profound feeling of hopelessness that prevails in some communities. DoDDS has its draw-down plan in place for military equipment and materiels, and to some degree, the service personnel. But what about the ordinary people who perform ordinary tasks, such as teaching American children who live on base through the choices their parents make?

We thank you for this opportunity to present our views to you, and for your thoughtful consideration of our testimony.

SUBCOMMITTEE RECESS

Senator INOUYE. The subcommittee will stand in recess until next Tuesday, May 21, at 9 a.m., and at that time we will hear from the Secretary of Defense, Mr. Cheney.

[Whereupon, at 11:22 a.m., Thursday, May 16, the subcommittee was recessed, to reconvene at 9 a.m., Tuesday, May 21.]

DEFENSE APPROPRIATIONS FOR FISCAL YEAR 1992

TUESDAY, MAY 21, 1991

U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, DC.

The subcommittee met at 9:31 a.m., in room SD–192, Dirksen Senate Office Building, Hon. Daniel K. Inouye (chairman) presiding.

Present: Senators Inouye, Leahy, Sasser, DeConcini, Bumpers, Lautenberg, Stevens, Garn, Kasten, D'Amato, Rudman, Cochran, Specter, and Domenici.

DEPARTMENT OF DEFENSE

OFFICE OF THE SECRETARY

STATEMENT OF HON. DICK CHENEY, SECRETARY OF DEFENSE

STATEMENT OF SENATOR INOUYE

Senator INOUYE. This morning, this subcommittee has the pleasure to receive the testimony of the Secretary of Defense, the Honorable Dick Cheney. Our focus will be to review the President's budget request for the Department of Defense for fiscal year 1992.

The President's proposal indicates a new pattern for defense. It is now agreed that plans for defense spending will be reduced substantially in the coming years. The budget before us is $22 billion lower than what was planned last year for fiscal year 1992. As such, it is clear that the Defense Department has made many difficult decisions in preparing this request.

As part of the system of checks and balances established in the Constitution, it is the task of the Congress to review the plan presented by the executive branch and modify it as it sees fit to best provide for security of our Nation.

This subcommittee has the responsibility of formulating the recommendations for the Senate's review. In discharging this duty, the subcommittee has received testimony throughout the year from many witnesses representing our military and civilian leadership, as well as individual private citizens.

We have learned of their success in Desert Storm and the difficulties which now confront us in its aftermath. The subcommittee has come to understand that the plan to reduce military personnel end strength may be harder to achieve than anticipated originally.

We have listened to the Navy's newest plan to restore its crippled naval aviation programs and the Army's desires to initiate a new generation of common chassis armored systems. We have heard why certain systems which were once considered vital are no longer needed at the same time that the request for funding the strategic defense initiative continues to increase.

Throughout our hearings, one issue has become clear. The plans to reduce our defense forces, unprecedented since the end of World War II, will cause destabilization in our military, its families, our civilian work force, and military infrastructure. Further, it should be clear that the reductions occur in a time in which the world remains a very dangerous place.

No doubt many of the changes will be painful. It is the task of this subcommittee and the Congress to ensure that the level of pain is no more than is required to achieve the desired objective.

Mr. Secretary, we hope in your testimony this morning you will be able to explain how the budget you have requested meets the challenge of cutting back on our defense capability prudently while ensuring that our vital national security remains intact.

Before you proceed, Mr. Secretary, I am pleased to call upon the vice chairman of the subcommittee, Senator Stevens.

STATEMENT OF SENATOR STEVENS

Senator STEVENS. Thank you, Mr. Chairman.

Mr. Secretary, we welcome you back again, and I think the record should show the extent to which you and General Powell really went out of your way to make certain that this committee and the other three that deal with defense matters remain relevant to the whole process during Desert Shield and Desert Storm.

In time, history will record the number of meetings that we had with you and General Powell, and at times with you and the President, but I think it was unprecedented that you maintained this constant contact with Congress, and I know that it shows in the final result.

Even though there was some disagreement on one vote, I never heard a word raised in the Congress against your conduct as Secretary of Defense in Desert Shield and Desert Storm. It demonstrates the great leadership capability that you and General Powell have.

I want to add to what the chairman has said. I think we are very much in agreement on this committee in terms of some of the problems we have to address. I would say, though, that coming from the Pacific—and we both do come from the Pacific, Hawaii, and Alaska—we are more concerned than most people here about the continued buildup in the Soviet Far East and Siberia.

I, for one, have decried the concept of having canceled the MX, the idea that we are going to start the small ICBM at the end of the decade, and canceling the M–1A1 with the idea that we may have a new package for the Army in the year 2000.

I hope that we can sometime—this may not be the time for it—but I think we should address the concept of the industrial base that is required to maintain our defense capability during this period of great instability in the Soviet Union, and really the growing stresses in regional areas throughout the world, to our best interest.

But I look forward to your statement, and again I thank you for the courtesy of having maintained the relevancy of the congressional process to the engagements in the Persian Gulf.

Senator INOUYE. Mr. Secretary, I wish to echo that sentiment. I, too, in speaking for the subcommittee, wish to express my gratitude to you for the great assistance you gave us during those difficult days, and I think working together we are able to achieve the success that we are now enjoying.

Mr. Secretary, please proceed.

SUMMARY STATEMENT OF SECRETARY CHENEY

Secretary CHENEY. Thank you very much, Mr. Chairman, members of the committee. It is a pleasure to be here this morning, back before the Senate Appropriations Committee on Defense.

Let me at the outset, Mr. Chairman, express my thanks in connection with Operations Desert Shield and Desert Storm for the work this committee has done over the years. One of the things you become immediately aware of as Secretary when it is time to deploy a large force, as we did last fall at the direction of the President to deal with Iraqi aggression in the gulf, is that you deploy the forces you inherit, that your time in office as Secretary is not sufficient to shape the forces under your command.

You have an impact on the future force, on what the force will look like 10 or 15 or 20 years from now, but the forces we deployed last August and that so successfully completed their mission in the gulf just 2 months ago were created by the work of this committee and other Members of Congress and my predecessors as Secretary.

I am constantly reminded of that as a result of the exercise we have just gone through. I certainly want to thank the members of the committee for their far-sightedness in equipping us with a force that we had to deploy when we needed it.

Mr. Chairman, I have a prepared statement that I would like to submit for the record this morning, and then I have some thoughts that I would like to share with the committee before we go to questions.

I am aware, of course, that the tradition of this subcommittee is that the Secretary speaks last, after you have heard from everybody else. That has something to recommend it. I will give you an idea of how I feel about it after the hearing is over with this morning, relative to the alternative—going first.

CHANGE IN U.S. DEFENSE STRATEGY

So I do not want to cover old ground, or ground that you have heard my colleagues in the Department on earlier this year, but I do think that what I would like to try to do is to tie together what we are attempting in the Department and put it in perspective, because the war in the gulf has obscured what I think is a development of at least equal significance.

That is, the fundamental change in U.S. strategy, the fundamental change in U.S. military posture that the President has approved, that we have developed over the last 2 years since the phenomenal changes that we have witnessed in the Soviet Union and Eastern Europe, and the budget that is before you today is the culmination of 2 years of effort to fundamentally alter U.S. military strategy to fit what we think is a fundamentally altered world situation.

August 2 was notable for two reasons. It was notable because that is the date Saddam Hussein invaded Kuwait, but it is also the day, if you will remember, Mr. Chairman, Senator Stevens, that we had a meeting of the chairman and ranking members of the four committees of Congress that deal with defense matters, where General Powell and I briefed you on the essence of the new strategy that we were recommending, and the day that President Bush gave a speech in Aspen, CO, that was to kick off a several month-long debate and discussion of these issues.

We never were able to have that discussion after that very first day's meeting, because we were all so busy dealing with the crisis in the gulf, but it is appropriate for us, I think, this morning to take a few minutes and focus upon what our underlying assumptions have been, how they have changed, and how we have altered our military posture accordingly.

The fundamental planning assumption for U.S. forces throughout the cold war was the belief that the biggest threat that we faced was a Soviet, a massive Soviet assault into Western Europe alongside the forces of the Warsaw Pact, literally hundreds of divisions pouring across the Fulda Gap into Western Europe, and that that kind of conflict would be followed almost immediately by an escalation to global, all-out, worldwide war between the United States and the Soviet Union. It is that underlying assumption that drove our planning with respect to our forces years in the past.

It translated specifically into such requirements as the need to have 10 divisions deployed in Europe within 10 days of a decision to mobilize. We think that that assumption no longer is valid and that we no longer have to be concerned with being prepared to fight that kind of global war on short notice.

CONVENTIONAL FORCES

Speaking specifically now, conventional forces. We believe that the changes that have occurred in the Soviet Union, the collapse of their economy, the reduction of their own conventional military forces, the end of the Warsaw Pact, which officially ceased to exist on April 1 of this year, the withdrawal of Soviet forces from Eastern Europe—they will be out of Czechoslovakia and Hungary within 6 weeks, and they are in the process now of withdrawing from Germany and Poland as well—that it is increasingly unlikely that the Soviets would launch the kind of offensive, aggressive military action that has been the underlying assumption for planning purposes for the last several decades.

We believe, based upon the collapse of their economy and their internal problems, that they will find it increasingly difficult to project power by conventional means beyond their borders. Indeed, you can make a case that the greatest threat to the neighbors of the Soviet Union in the years immediately ahead will arise from the inability of the Soviets to control evens inside their own borders, rather than it will from any aggressive, offensive intention in terms of the use of military power to expand their influence.

NEW PLANNING ASSUMPTIONS

So given the fact that that assumption no longer is a valid one upon which we can size our forces and base our strategy, we have developed a new one which focuses specifically on the notion of regional contingencies, the idea that the sort of situation we have just dealt with in the gulf, where we would have to deploy forces on short notice a long way from home, but to deal with a sort of defined regional situation, if you will, is the most likely scenario that we will face in the future.

That planning assumption, based on regional contingencies, was embodied in the defense planning guidance that was given to the services in January 1990, about 6 months before Saddam Hussein's invasion of Kuwait.

We think you can look at a European scenario in the future and treat it as essentially a regional contingency, that it will not automatically escalate into the kind of global conflict that we have assumed in the past. We believe that in the future we can count on Eastern Europe being essentially friendly to the United States, if not friendly at least neutral, and certainly not a base of operations for military activity against our allies in Western Europe.

We think we will see inside the Soviet Union, if you look at those republics in the west end of the Soviet Union—the Baltics, Moldavia, Byelorussia, the Ukraine—an area, a region if you will, that will be increasingly independent of the central authority in Moscow and may not provide a secure base from which Soviet forces could operate in the years ahead.

We believe that we will have the time to reconstitute forces should that be necessary, should there be a reversal of trends inside the Soviet Union or should there be a need to prepare to fight an all-out global war with the Soviets such as we planned for in the past, that that time will be sufficient to allow us to rebuild divisions and reequip so that we could, in fact, deal with that kind of scenario in the future.

Given that shift away from the assumption of short notice, global war with the Soviets to one in which we are faced with the need to deal with regional contingencies, we think we can safely reduce the size of the U.S. Armed Forces by a significant amount, that we can move to an era in which we have smaller but very flexible and mobile forces.

We think we want to continue to pursue the essence of our strategy in the postwar period, which has been our system of alliances with our friends around the world, and that that system of alliance is a very valid one and will continue to be valid as a structure to provide security and stability in those parts of the world where we have a significant interest.

NEW FORCE STRUCTURE

We can give meaning and substance to those commitments by maintain forward deployed forces. We want to continue to do that, although we believe we can do it at lower levels than we have in the past.

For example, instead of maintaining 4⅔ divisions in Europe, we think we can anticipate satisfying our requirements there with something to a corps, two divisions, a corps headquarters, and the supporting units.

In Asia and the Pacific we are currently involved in about a 10-percent reduction in forces deployed in Japan and Korea. We will go back and revisit again in the next year or so to see whether or not further reductions are warranted. But, again, the essence of our commitment to maintain forward deployed forces in those parts of the world has not changed. The only question is how large those forces need to be.

I know when General Powell was before the committee, he had the opportunity to discuss the concept of how we organize our forces in the future, the concept of Pacific forces, Atlantic forces, contingent forces deployed in the United States to be deployed as reinforcements overseas in a crisis, and, of course, the maintenance of adequate strategic forces. I will not dwell on those concepts in detail this morning.

At the heart of the effort, though, is a focus upon maintaining the quality of the force. Everything we have tried to do in terms of putting together a budget to reflect these new strategic realities in the world as well as the budget realities, focuses specifically upon trying to maintain a quality force.

When we say quality, we mean a force that has the finest people we can recruit serving in it, that they have the best possible training we can provide, that they get a lot of training, that they maintain a high state of readiness, that they have the equipment they need to do the job we ask them to do for us.

We would rather reduce force structure, get rid of force structure, get it out of the structure altogether than try to sustain a force structure that we cannot support, that we are not prepared to invest in, that does not meet the criteria of what we mean when we talk about a quality force.

The important point to make before I would spend a couple of minutes talking about dollars and that I touched on at the outset, and that is the timelines that are involved in the decisions that we are involved with.

When you think about Desert Storm and what we were able to do, everybody was amazed by the precision bombing of the F–111 that dropped 500-pound laser-guided munitions on individual enemy tanks, a tremendously effective system. But that system, that aircraft, was first operational in 1967. It was Bob McNamara's TFX program back in the mid-1960's, very controversial at the time. But it is the heart today of some of our bombing capability in the Air Force.

The F–117, probably the newest system we used, was basically built during the Reagan era, but based on an idea that developed when Harold Brown was Secretary. The cruise missiles, of course, that we used so effectively the first time in combat were developed back in the Rumsfeld-Schlesinger era in the Pentagon and subsequently supported by other administrations.

Many of the aircraft carriers we deployed were more than 20 years old. The F–15 first rolled out in 1974 and will be at the heart of our air capability well into the next century.

The decisions that are embodied in the proposal that is before you will have relatively small impact in 1992. Their big impact will be felt 15 years, 20 years, 30 years from now because that is when the systems that we invest in now will be in the force in sufficient numbers so that they will, in essence, characterize our total capability.

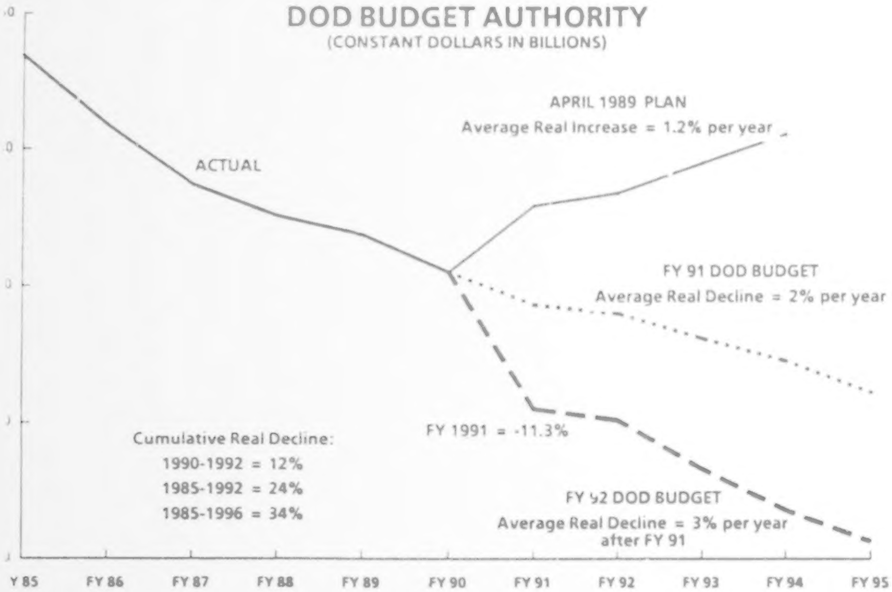
DEFENSE BUDGET TOPLINE

I want to spend just a minute to remind the members of the committee of where we have come from a financial standpoint. I would like to start with a brief review of where we are headed with the budget.

We are oftentimes accused in the Defense Department of sort of a business-as-usual attitude. We were the Neanderthals across the river who were not prepared to recognize that the world had changed, that the Soviet Union was no longer the threat it once was, that the cold war was ended.

I would argue that that is not the case. We are not the Neanderthals that some views have attributed to us in the past. But, in fact, what we have is a fundamental change in what we are proposing that reflects the direction we received from the Congress last fall in the budget agreement that was signed up to by the Congress and the President.

I know what the top line is going to be for fiscal year 1992 and fiscal year 1993. And I have a pretty good idea of what it will be for 1994 and 1995. I like to refer to this as the pitchfork chart.

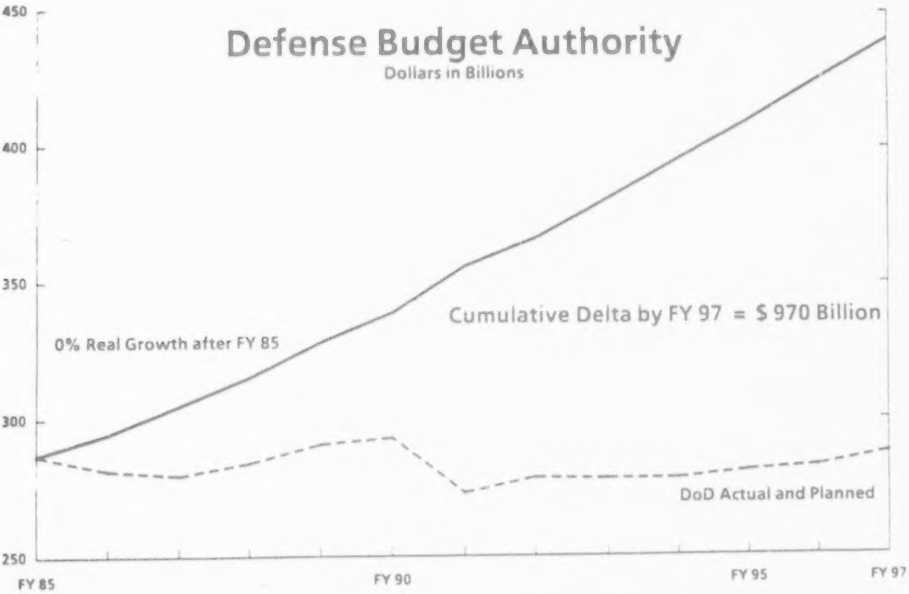


The line to the left is the actual funding level in constant dollars. This is with inflation taken out in constant dollars, 1985 to 1990.

The line to the right is the first budget as submitted as Defense Secretary when we revised the Reagan budget we had inherited in the spring of 1989. That was submitted about 1 month after I became Secretary. It showed a real increase of about 1.2 percent a year after inflation.

The line in the center on the right is what we proposed in January of last year, fiscal year 1991, administration proposal. It called for a real decline of 2 percent a year.

The line on the bottom right-hand corner is what we actually got. That represents the budget agreement signed up to by the President and the Congress last fall. That shows what happens to the Defense budget in real terms, 1991 through 1995. Of course, in 1991 there is a better than 11-percent reduction from 1990. And if you take the total trend from 1985 to 1995, that represents about a 34-percent cut in real defense spending. In other words, by 1995 we will be spending one-third less on defense than we were in 1985. That is, by anybody's standards, a massive reallocation of resources.



This is just another way of looking at that last chart.

That red wedge going out there shows you the difference between what would have happened if we had just stayed even with inflation starting in 1985.

The top line is the 1985 figure, budget adjusted for inflation if we just kept the level of resources that we had in 1985.

Senator Bumpers. Mr. Secretary, let me interrupt you for just a minute. I cannot see the chart. I would ask the photographers to please just stay a little lower.

Secretary Cheney. The bottom blue line is what we actually got and what is projected into the outyears, again in constant dollars.

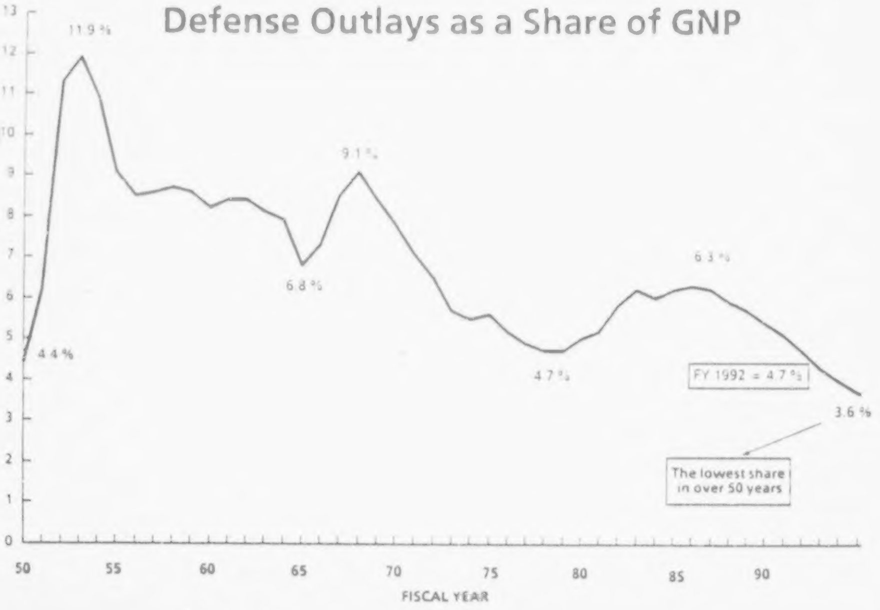
So the point is that the red wedge is what we did not get. That is what we have had to eat. That is what constitutes roughly over that period of time about a one-third cut in the defense budget in real terms.

NATIONAL DEFENSE TOPLINE

(Current $ Billions)

	1991	1992	1993	1994	1995	1996
BUDGET AUTHORITY						
DoD 051	**273.0**	**278.3**	**277.9**	**278.2**	**280.7**	**282.6**
DoE & Other	12.6	12.5	13.0	13.7	14.4	15.1
TOTAL 050	285.6	290.8	290.9	291.9	295.1	297.8
OUTLAYS						
DoD 051	**287.5**	**283.0**	**279.1**	**273.3**	**274.6**	**278.5**
DoE & Other	11.5	12.2	12.8	13.4	14.0	14.7
TOTAL 050	298.9	295.2	292.0	286.7	288.6	293.2

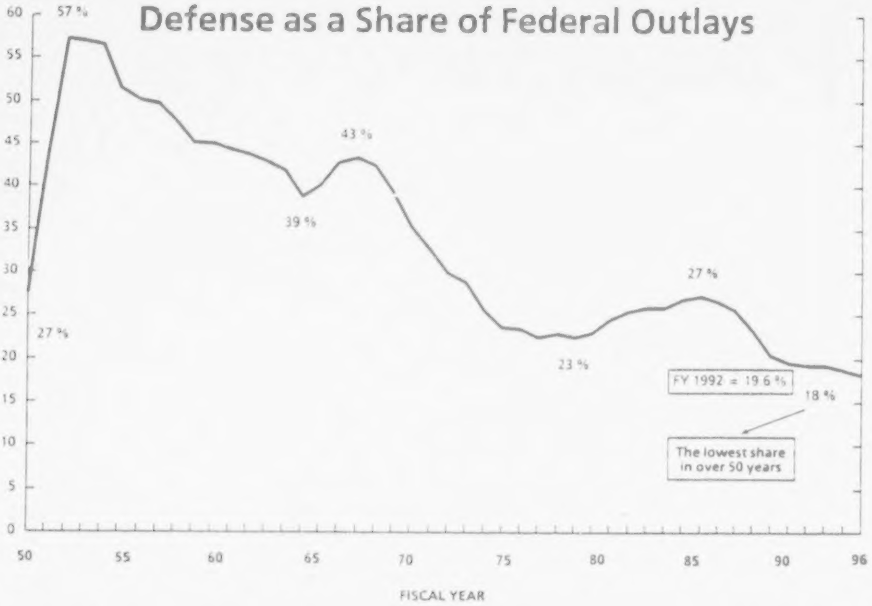
These are just the dollar amounts. A rough rule of thumb, obviously. What we have is something fairly closely approximating the nominal freeze in defense spending for the foreseeable future.



Defense Outlays as a Share of GNP

Another way to look at it is defense spending as a percentage of GNP. This is one of my favorite charts. We used to spend at the height of the Korean war almost 12 percent of our gross national product on the military. In the peak Vietnam era it was a little over 9 percent. In the peak years of the Reagan buildup in the mid-1980's, 6.3 percent of GNP went for defense.

By the 1995, 1996 timeframe we will be down to spending less than 4 percent. About 3.6 percent of the gross national product will go for defense. That is the lowest level of defense spending as a percentage of GNP since before Pearl Harbor, prior to World War II.



Defense as a Share of Federal Outlays

If you look at defense spending as a percentage of the Federal budget, we used to spend, back during the peak Korean years, of course, some 57 cents on the dollar went for defense; 43 cents at the height of Vietnam; 27 cents during the Reagan years. We will be down to spending 18 cents on the dollar at the end of the plan that we are submitting to you will be going for defense.

Again, the lowest share of the Federal budget being spent on the U.S. military since prior to World War II. You have got to go back to 1939, 1940 to find a time when we spent a smaller percentage of the Federal budget on defense as we will at the end of the period of time here.

Now, that is not hypothetical. That is the budget agreement that was signed up to last fall. That is my top line. I know how much I am going to have over the next 5 years and that is what it looks like.

DEFENSE BUDGET PRIORITIES

- People
- Power Projection/Mobility
- Force Quality
- Readiness
- Strategic Offensive and Defensive Forces
- Technological Advantage
- Efficient Acquisition
- Streamlined Infrastructure

DEFENSE PRIORITIES, FORCES, AND MANPOWER

In terms of the priorities that we tried to protect in the budget, these touch on just a few of them. I will talk about some of them in greater detail in the question and answer portion of the hearing.

Again, the emphasis I will focus on in a minute, but the emphasis at the top is placed on people. I think it is worth just a moment to focus upon that. There was great attention during the war on the quality of our technology, upon how well the weapons systems performed.

But the bottom line, as the members of the committee are well aware, is our people who made the system work. The fact that we had an all-volunteer force, that everybody wearing the uniform in the gulf was a volunteer to wear the uniform, that they found ways to work around problems that arose, that they maintained the equipment and used it in the masterful fashion. And it was the quality of the force, the personnel, that really made the system function.

One of the key elements for us to protect as we looked at the future are those portions of the budget that deals specifically with our people. I will come back to that in a minute.

DEFENSE MANAGEMENT REPORT INITIATIVES

- Data Processing & Corporate Information Management
- Consolidate Finance and Accounting Services
- Coordinate Maintenance Depot Services
- Consolidate Supply Depots
- Reorganize Contract Management
- Improve Technical/Engineering Research & Development
- Consolidate Commissary Operations

This deals with some of our defense management report initiatives. We can come back and talk about it in some more detail. I think the committee has already looked at this this year.

The bottom line is we are not just operating in the Department in terms of achieving lower levels by cutting force structure, cutting out weapon systems, and so forth. We are also trying to do our business more efficiently.

I have just one figure for you to keep in mind, since January of last year, that is in the last 16 months, 17 months, we have eliminated 70,000 civilian jobs in the Department. They are gone. Those were people that were working in January 1990 that are no longer working for the Department of Defense.

We are doing everything we can to consolidate our operations, to consolidate our supply depot systems, our commissaries, our maintenance depot systems, our data processing, to try to get more efficient to do a better job of managing our inventories to eliminate overhead. And under this set of initiatives, we conservatively estimate, we tried very hard to be conservative on it, but we can save about $70 billion during the 6-year program that is before the committee now.

FORCE STRUCTURE

	FY 1990	FY 1995
Army Divisions	28 (18 active)	18 (12 active)
Aircraft Carriers	13	12
Carrier Air Wings	15 (13 active)	13 (11 active)
Battle Force Ships	545	451
Tactical Fighter Wings	36 (24 active)	26 (15 active)
Strategic Bombers	268	181

All of this comes back, of course, now to force structure. If we are going to cut back on our capabilities, it has to be reflected ultimately in the size of our force.

Here are a couple of figures to keep in mind. We deployed at the height of the conflict in the gulf approximately 540,000 personnel. We will take out of the force, the active component of the force, over the next 5 years, 521,000 people. So over 500,000 folks now serving on active duty in uniform in the U.S. military who will not be there 5 or 6 years from now.

That means, in terms of the combat power of our various services, that the Army will go from 18 active divisions down to 12 active divisions. We are going to get rid of one-third of the active divisions of the Army.

Aircraft carriers, of course, are getting trimmed. Carrier air wings reflect that as well. And technical fighter wings will go from 36 total Active and Reserve down to 26 total.

The Navy will go from approximately 545 ships today to about 450 ships. This compares to the 600-ship Navy that was our goal just a few years ago.

That gives you just a general sense of the direction we are moving in.

Senator BUMPERS. Mr. Secretary, are there any Marine divisions in that? You just had Army divisions?

Secretary CHENEY. Right. The Marines get cut. That shows right here on the next chart. They are going down about 28,000 by 1995.

DoD MANPOWER
(End Strength In Thousands)

	FY 87	FY 92	FY 93	FY 94	FY 95	FY 87-95 Change
ACTIVE MILITARY						
ARMY	781	660	618	577	536	-245
NAVY	587	551	536	516	510	-77
MARINE CORPS	199	188	182	176	171	-28
AIR FORCE	607	487	458	445	437	-170
TOTAL ACTIVE	2,174	1,886	1,795	1,714	1,653	-521
SELECTED RESERVES	1,151	1,068	989	924	906	-245
CIVILIANS	1,133	1,003	976	958	940	-193

They will be down to about 171,000 Marines as contrasted with 199,000 in 1987.

We are not eliminating a division of the Marine Corps, partly because there is a statutory provision that specifies the number of Marine divisions. I think it is three active divisions. But we are trimming the size of the Marine Corps end strength. The total end strength reductions in active force is 521,000, in civilians almost 200,000. It is 193,000 coming out. And in Selected Reserve there are cuts as well.

Let me spend just a moment if I can, on the Guard and Reserve because I know that is a sensitive subject. There have been those who have suggested that we should not have any cuts at all in the Guard and Reserve, that all of the cuts ought to come out of the Active Force. I think that would be a serious mistake.

Based on the best judgment I can get out of the Chiefs and the services, for us to do that will result in an unbalanced force at the end of that period of time. I will go back and remind everybody that we operate now under our total force concept, that we have for years integrated our Active and our Reserve components.

In fact, there are many specialties that are only found in the Reserves, especially when we get into the combat services support area. They are intended specifically when we mobilize, as we did for the war in the gulf, to go out and support active duty combat units. If we are going to get rid of one-third of the active duty combat units in the Army, I do not need as many combat services support elements to support that force. We end up with a force structure that we do not have a mission for.

And if we make the mistake of assuming that we are going to keep Reserve levels exactly where they are without any reduction whatsoever, we are keeping force structure that I do not think we can justify. And that, I think, ought to be cut.

If the Army is not allowed to cut Reserve force structure, then this issue affects the Army more than the other services. If they are not allowed to cut Reserve force structure, the total cost to them over the 6-year defense plan is about $11 billion. That is money that ought to be spent on maintaining the quality force. We ought to draw down the Reserves just as we draw down the Active Force.

You will notice there is a much bigger cut in the Active Force, but the Reserves have got to come down as well.

MAJOR PROGRAM TERMINATIONS
(FY 92-93 BUDGET)

	Savings in Billions	
	FY 92	FY93-97
• Bradley Fighting Vehicle	0.7	1.7
• TRIDENT Submarine	1.4	2.8
• LHD Amphibious Ship	-	2.1
• P-7A Anti-Submarine Warfare Aircraft	0.6	5.4
• F-14D Remanufacture	1.4	13.4
• Naval Advanced Tactical Fighter	0.1	2.0
• A-12 Aircraft	2.7	19.5
• Air Force Advanced Tactical Aircraft	-	0.8
• F-16 Aircraft (End of FY 93)	1.6	13.8
• PEACEKEEPER Missiles	0.7	2.2
• MARK XV Combat Identification System	0.1	0.2
• BSTS Warning System	0.4	5.5
• TACIT RAINBOW Program	0.2	2.3

PROGRAM TERMINATIONS

One of the key elements for us as we think about the future is to remember that we need to stop producing things that we are now producing that we have enough of in order to be able to invest in the future.

This is just a partial listing of the program terminations, many of which we have talked about before.

If the Army is going to have 12 divisions instead of 18 divisions on active duty, I do not need as many tanks and Bradley infantry fighting vehicles as we originally thought. We ought to shut down the Abrams production line and invest in that next-generation capability.

If the Air Force is going to have 26 tactical fighter wing equivalents instead of 36, I do not need as many airplanes. We ought to stop buying airplanes when we get enough for our current inventory and invest in the future. I would much rather spend money now, given the fact that we are just about to the point where we can save enough on things like the F–16, I would much rather spend money now on the things like the advanced tactical fighter, that thing that is going to guarantee U.S. air superiority 20 or 30 years from now. So it is vital we make the hard choices to shut down existing programs.

MAJOR PROGRAMS TERMINATED LAST YEAR

- V-22 OSPREY (Production)
- F-14D Aircraft
- Army Helicopter Improvement Program (AHIP)
- PHOENIX Missile
- M-88A2 Improved Recovery Vehicle
- F-15E Aircraft
- Apache Helicopter
- M-1 Tank
- Maverick Missile

These are some of the programs that we have terminated in the past, some would say attempted to terminate, a couple of them are not quite dead yet.

FY 1992/FY 1993 STRATEGIC FORCES

(Dollars in Millions)

System	FY 1992		FY 1993	
	Quantity	Dollars	Quantity	Dollars
B-2A Bomber	4	4,822	7	4,639
Strategic Defense Initiative	-	4,581	-	4,933
TRIDENT II Missile	28	1,271	31	1,380
PEACEKEEPER/Rail Garrison	-	458	-	106
Small ICBM	-	549	-	715
Advanced Cruise Missile	120	626	102	552

FISCAL YEAR 1992–93 BUDGETED FORCES

In the area of strategic forces, this shows what we are going to buy in the 1992, 1993 period. But let me remind the committee that I am often accused of supporting strategic programs at the expense of conventional programs.

I would remind the committee that during the last 2 years we have cut back the B–2 buy from 132 to 75. We have cut back the Trident program from the 23 or 24 originally expected to 18. We are stopping the Trident program with the 18th submarine this year.

We have put rail garrison and small ICBM on an R&D mode, but we are not recommending to the committee at this point that we go forward with deployments on those systems.

We think, and I will be happy to debate this in a moment, that the strategic situation makes urgent our request for funding for SDI, that having watched the SCUD missiles fly at Tel Aviv and Riyadh, we had just a small taste of what is in store for us down the road in terms of the ballistic missile threat that the U.S. forces, especially our forces forward deployed overseas and our allies overseas.

I think, as I think about the future, if there is a legacy I would like to leave to my successor it is the capacity to defend against ballistic missiles. We think the program the President has is a good one and I would urge the committee to approve it.

I recognize that it is not without controversy, but we have adjusted the program, made significant changes in it, and developed the GPALS concept in order to respond to the legitimate interest in dealing with the theater missile threat. We think it-is vital to continue to move on the strategic systems as well.

FY 1992/FY 1993 LAND FORCES
(Dollars in Millions)

System	FY 1992		FY 1993	
	Quantity	Dollars	Quantity	Dollars
UH-60 Helicopter	60	508	60	428
SINCGARS	-	288	-	292
Light Helicopter	-	550	-	617
Apache Longbow	-	233	-	264
Medium Tactical Vehicles	1,815	170	3,288	293

These are just more programs that are in the budget for fiscal years 1992 and 1993.

FY 1992/FY 1993 NAVAL FORCES

(Dollars in Millions)

System	FY 1992 Quantity	FY 1992 Dollars	FY 1993 Quantity	FY 1993 Dollars
Aircraft Carrier Replacement	-	-	-	852
SSN-21 Submarine	1	2,382	1	2,464
DDG-51 Destroyer	5	4,335	4	3,480
LSD (CV)	1	245	1	251
MHC Coastal Minehunter	2	231	2	222
TAGOS Surtass Surveillance Ship	-	-	1	150
AOE Replenishment Ship	1	540	-	-

We can go ahead and roll through those. We can go back to those.

FY 1992/FY 1993 TACTICAL AIR FORCES

(Dollars in Millions)

System	FY 1992 Quantity	FY 1992 Dollars	FY 1993 Quantity	FY 1993 Dollars
F/A-18	36	2,423	20	2,534
Advanced Tactical Fighter	-	1,637	-	2,325
F-16 D	48	1,419	24	923
C-17	6	2,831	12	4,212
EA-6B Remanufacture	-	110	3	556
AMRAAM	1,191	1,031	1,469	1,049
MILSTAR (Restructured)	-	1,404	-	1,536

CONCERNS ABOUT THE FUTURE

There are a couple of final points, Mr. Chairman, and then I would be happy to respond to questions from the committee.

The thing I fear most is that we will go through the next 5 or 6 years living with these budget ceilings, trying to adapt our strategy and our force posture to the new strategic reality in the world, and that we'll "blow it," and that we will end up 5 or 6 years from now with a force that cannot do what we just did in the gulf, because we will have made the wrong choices along the way.

The good news, of course, is that the strategic situation in the world justifies a change in our military posture, a reduction in our forces.

The bad news is that I cannot find a time historically when we have ever done this and gotten it right. We've always blown it.

I hark back to the end of World War II. Many members of the committee served in World War II and Korea, and will remember the contrast between what we had in the summer of 1945, as we won World War II and what we had 5 years later, in June 1950, when the North Koreans invaded South Korea, and we had a terrible time barely hanging on in South Korea before we were able to mount the effort to restore the sovereignty and independence of Korea.

I think back to those historical precedents and the burden on us to get it right this time, in terms of making the right choices, so that we spend that shrinking defense budget wisely and well, is pretty significant. I hark back, when I think about what's crucial and what we have to protect, and those parts of the budget are sometimes the most difficult parts to protect, the unsexy, unglamorous parts of the budget. It is those things that affect the quality of life for our troops.

If we are going to send mom or dad off to the Gulf for 6 months in a volunteer force, they are not going to come back and stay in the force unless, while they are gone, they know their family is well taken care of—that there is adequate housing and medical care for their families and schools for their kids.

That is in the defense budget. It has to be protected. Pay raises for the troops are in the budget. That has to be protected. I would rather have a small, well paid, highly disciplined, highly motivated, highly professional force than I would a larger force that does not meet those criteria because we did not take care of the troops.

I cannot emphasize strongly enough, although it is hard to quantify, the value of quality volunteers. They make systems work better, more effectively, more efficiently. They reduce maintenance; they reduce loss. When we have to go to war, they reduce the loss of life. We win quickly when we have a quality force and we do not when that element is lacking.

On the O&M account, it is absolutely vital that we protect the "Operations and maintenance" account. That is where the money is that goes to provide the opportunity, for example, for our troops, our armored units, to go to Fort Irwin, CA, and train at the National Training Center. One of the best investments this committee ever made was in developing that center.

Two weeks ago, I was up in southern Iraq, on the Iraq-Kuwait border, during my last visit to the gulf with the 3d Armored Division. I asked the battalion that they had assembled there for me to talk to how many of them had been to the National Training Center and had the opportunity for that kind of exercise.

Nearly everybody there had, in fact, been to the National Training Center during their time in the Army. One sergeant had been there six times. I asked him what he thought of it. He said the training center was tougher than combat. It was tougher to go through what they had to go through at Fort Irwin in terms of getting ready for war than their actual experiences once they went to war against Iraq.

That is exactly the kind of attitude that we want to instill in the troops. But to do that, you have to maintain the O&M account because that is where the money is that allows them to go out and exercise on a regular basis at Fort Irwin. It's where the flying hours are for the pilots, and the computer simulation time that allows an Abrams tank crew to get proficient with their equipment.

The bottom line, Mr. Chairman and members of the committee, is that the budget we are submitting to you clearly indicates that it is not business as usual at the Pentagon. It is a fundamental change in U.S. military posture and strategy. We think that it is absolutely vital that we make the right choices in the years ahead, that we have the courage to close down production lines, to shut down bases, to get rid of force structure, and to invest in the future.

One final story and then I'll stop, Mr. Chairman.

Last August, when the President directed the deployment of forces to Saudi Arabia to oppose Saddam Hussein's aggression, he gave me the direction to begin the deployment. The first unit we sent was elements of the 1st Tactical Fighter Wing out of Langley, in Virginia, Langley Air Force Base.

Within 14 hours from the time the President said "Go," we had F–15 fighters, 48 of them, on the ground in Saudi Arabia ready for combat, ready to go. That force, that tactical fighter wing 10 years ago flunked its operational readiness exam.

Out of the 72 aircraft in the wing 10 years ago, only 27 were combat ready. The rest were not because of the lack of spare parts.

If, 5 or 6 years from now, we find ourselves in the same position we were in 10 years ago, with a 1st Tactical Fighter Wing that cannot deploy in 14 hours any place in the world to protect our interest and respond to Presidential directive, we will have blown it as we go through these next 5 years in the decisions we make.

I like to think of that 1st Tactical Fighter Wing as an indicator of how well we do in the very difficult decisions that the committee is faced with in putting together the fiscal year program for the Defense Department for fiscal year 1992.

Thank you very much, Mr. Chairman.

[The statement follows:]

STATEMENT OF SECRETARY DICK CHENEY

Mr. Chairman, members of the Committee, thank you for this opportunity to discuss the Administration's fiscal year (FY) 1992–93 Department of Defense budget request.

On March 4, Deputy Secretary of Defense Atwood gave this committee an overview of our budget request and the new strategy on which it is based. There is no need to repeat that, but I do want to make several general comments before getting into specific budget issues.

TRANSFORMATION OF AMERICA'S DEFENSE STRATEGY AND POSTURE

Largely obscured by America's necessary preoccupation with the Gulf crisis these past nine months has been a transformation in our defense strategy and force structure. We have detailed this transformation in testimony and speeches, but I am not convinced that its magnitude and implications have been understood adequately.

The central impetus to America's defense transformation has been a fundamental change in the assumptions underlying our strategy and force planning for the last four decades. Our primary focus is no longer the threat of a Soviet-led, European-wide conflict leading to global war. Our focus now is on regional crises and contingencies, such as the one we just dealt with in the Persian Gulf, and on four resultant strategic requirements: forward presence, crisis response, force reconstitution for resurgent threats, and our long-established emphasis on strategic deterrence and defense.

Events in the Gulf reinforce the validity of America's new defense strategy. A capacity for crisis response is, sadly, all too relevant in a global security environment that could well be far more unstable than during the Cold War. Moreover, the continuing political and economic crisis in the Soviet Union certainly compels us to follow carefully developments there.

So the challenge ahead is to restructure U.S. forces to fit the new defense strategy and to conform to dramatically lower budgets. Defense spending as a percentage of the U.S. gross national product is heading to its lowest levels since before World War II. And by 1995 our forces will be about 25 percent smaller than in 1990.

How much risk this force reduction will entail depends largely on developments in the Soviet Union and in the global security environment. If unfavorable developments caused America's likely security risks to look higher than is prudent, I would recommend to the President and Congress that we not cut back as deeply or as fast as now proposed.

In thinking about this downsizing, we should remember our nation's mistakes of the past. Following World War II we demobilized rapidly, only to find ourselves confronted with a North Korean invasion five years later. After Vietnam, our neglect left us with aptly termed "hollow forces." We are determined to avoid such mistakes.

A vivid reflection of this lesson is the 1st Tactical Fighter Wing, based at Langley Air Force Base. Last August when President Bush and King Fahd agreed on the deployment of U.S. forces to the Gulf, the bulk of the 1st Tactical wing was on the ground in Saudi Arabia 14 hours after ordered to deploy. Back in 1980, of the 72 aircraft in the 1st Tactical Fighter Wing, only 27 were combat ready. The rest were "hangar queens" due to lack of repair parts. That is what can happen if we do not make the right decisions as we scale back America's armed forces.

PRIORITY ISSUES IN THE FISCAL YEAR 1992–93 DEFENSE REQUEST

Regarding the President's current budget request, it is heartening to note that Congress has passed a budget resolution that supports the President's defense topline. Now I hope we can come together equally well on allocating those defense dollars wisely. However, I am not encouraged by the actions of the House Armed Services Committee (HASC) in reporting the defense authorization bill.

The President's fiscal year 1992–93 Department of Defense (DOD) request proposes a balanced and prudent streamlining of U.S forces. Within the defense topline of the budget summit agreement, the request is DOD's carefully considered judgment on how to achieve optimum support for our new defense strategy and the America's long-term security. Those goals would be seriously undermined by several HASC recommendations.

The greatest shortcomings of the bill are its provisions on the B–2 bomber, SDI, Selected Reserve end strength, and funding added to several programs that are designated for termination. If the final defense bill contains the HASC position on these issues, I will recommend that President Bush veto it.

Failure to support fully planned production of the B–2 stealth bomber would deprive our nation of a strategic nuclear and conventional capability we need for the decades ahead. The Gulf War proved the value of stealth. There is no substitute for the B–2's ability to penetrate sophisticated air defenses and to deliver massive firepower on short notice and with global reach. Stopping production at 15 aircraft would squander our past investment and fail to provide an adequate force for critical U.S. military missions.

The Administration's request for the Strategic Defense Initiative (SDI) reflects the new direction established by President Bush: to provide protection to the United States, to our forces overseas, and to our friends and allies, from limited ballistic missile strikes, whatever their source. In the Gulf War, the military and terrorist potential of ballistic missiles became vividly evident. Yet the House bill would terminate key elements of the redirected SDI program. Full funding of the President's request will restore support to levels appropriated in fiscal year 1988 and partially repair the damage of last year's severe cuts. Full funding also is necessary to ensure deployment of an effective defense for the American people by the end of the decade.

America's pursuit of missile defenses should have the same urgency as did the destruction of SCUD missiles during the Gulf War.

For America's new defense strategy to be effective, the restructuring of our armed forces must be guided by the requirements of that strategy. DOD is doing exactly that in its plans for scaling back active and reserve forces. Our strategy for regional, short-notice threats—forward presence and crisis response—relies mostly on active forces. Our strategy-based plans require some active and reserve forces to remain near current levels, while others will be substantially reduced. Even though our new strategic requirements affect active and reserve forces differently, the proper reshaping of U.S. happens to result in a decline in manpower that is roughly the same for both. By the end of fiscal year 1995, active military end. strength will fall to 1,653,000, 24 percent below its post-Vietnam peak of 2,174,000 in fiscal year 1987; reserve personnel levels will drop to 906,000, 21 percent below fiscal year 1987.

The HASC approved DOD's fiscal year 1992 reduction of 106,358 in active end strength. However, it cut Selected Reserves by only 40,030 instead of the requested 107,526. No strategic rationale was given; no justifying reference to our new strategy or Gulf experience was cited. The committee did call for an "independent study" of active/reserve force mixes, although it is not clear that the HASC would reconsider its position if such a study supported DOD's strategy-driven active/reserve cuts.

Refining a new defense strategy, streamlining U.S. armed forces to fit it, and keeping within the agreed budget limits cannot be done if Congress blocks needed force reductions.

To sustain a decisive battlefield advantage, the United States must continue to develop and field advanced technologies for the most critical military tasks. This cannot be accomplished if funds continue to be dissipated on lower priority needs. It therefore is troubling that the House bill diverts funds from vital needs like the B–2 bomber, SDI, and C–17, to numerous unrequested purchases that cannot be justified as having comparable military value. For example, the reported bill proposes unrequested funding for the V–22 Osprey, M1 tanks, upgraded F–14 jets, reserve equipment, Patriot and SLAM missiles, and many questionable research or program grants. Such diversions of funds hinder our ability to field new technologies for our most critical military tasks.

Among my serious concerns beyond those discussed above is the HASC's proposed prohibition of U.S. expenditures for relocating functions from Torrejon Air Base to Crotone, Italy. Crotone is essential to our maintaining responsive and flexible air power in this strategic and potentially unstable region. Its superb location would greatly help us protect Mediterranean lines of communications and support operations throughout the area. Moreover, Crotone represents a highly successful sharing of security burdens by America and its allies.

Optimum use of defense resources requires that our nation streamline its infrastructure of bases, facilities, and support organizations. Our base closure and realignment process is well along in advancing that aim, and I ask Congress to remember that critical aim when it formally enters the process. The way to ease the pain of communities and workers hurt by cutbacks to low priority facilities and programs is not to try to prevent those cutbacks. We must make these cuts, if we want to spend our defense dollars most wisely.

Sound defense spending also requires that DOD continue to implement initiatives associated with my Defense Management Report (DMR). We have established a highly effective framework for ongoing management improvements and lasting efficiencies. As a result of our many DMR-related management efforts, the Department anticipates reductions of about 50,000 civilian and 44,000 military positions by the end of fiscal year 1997. We expect our management initiatives to save over $70 billion from fiscal year 1991 through fiscal year 1997. These budget savings have freed resources that will not have to be taken out of force structure, readiness, or quality of life programs for our men and women in uniform.

CLOSING

I hope my comments will prove helpful for the important decisions you will be making in the coming weeks. Your support is vital for allocating our scarce defense dollars—not to minimize the discomfort of cutbacks—but rather to forge a streamlined, ready, top-quality force for this new security era.

Senator INOUYE. I thank you very much, Mr. Secretary. As always, your report has been not only interesting, but rather provocative.

Before we proceed with the questioning, I would like to announce that the Secretary wishes to leave the hearing room by noon because he has other commitments to carry out. So I hope that all of us will discipline ourselves and limit our questioning to 10 minutes.

Mr. Secretary, before proceeding, I could not help but think of something that will happen in this country as I listened to your testimony. So I would like to make an observation.

ECONOMIC IMPACT OF DEFENSE MANAGEMENT INITIATIVE

You have indicated that in 5 years our force structure will be reduced by over 500,000 troops. Your defense management initiative, if carried out—and it is being carried out—will further reduce our civilian work force. You have indicated that in 1 year, 70,000 are no longer in DOD. As a result of reduced procurement and program terminations, obviously many of our plants will be closed or reduced in capacity, which would mean loss of jobs.

We are now in the process of determining what bases to close, and that, again, will mean many men and women out on the street, unemployed.

When you put all of these things together, I believe that there will be costs which will not show up on our statistics because it is not part of the defense budget. Consider unemployment compensation. I have no idea what the unemployment compensation numbers will be for the next 5 years. Consider food stamps. I think no one will tell us what additional costs we will have to carry as taxpayers on food stamps.

Then there is, as social scientists tell us, a direct correlation between unemployment and crime. If that is so, I think we can assume that the crime rate will rise, though hopefully it will be small.

Many of the men and women who will be called upon to leave the services would do so quite unprepared for civilian life.

I fear that the peace dividends that we were talking about just a few months ago will not be forthcoming and I hope that the people of the United States realize this, that we won't be having peace dividends for 2, 3, 4, or 5 years.

So, with that, I would like to ask our first question.

FUTURE U.S. PRESENCE IN PERSIAN GULF AREA

We now have a ceasefire in the Persian Gulf. Our troops are now leaving that area. But, at the same time, new troops are being sent in in a new operation in northern Iraq.

You have been traveling quite extensively throughout that area, discussing the matter of a military presence in the Persian Gulf after Operation Desert Storm.

Is it the intention of the United States to establish an enlarged, permanent, U.S. military presence in the Persian Gulf?

Secretary **CHENEY**. Mr. Chairman, I think it would be fair to say that it is not our intention to establish an enlarged, permanent, U.S. presence. But I think it is important for us to define what we mean by a "permanent presence."

I think we will have more of a presence there than we did on August 1, but that it will take the form of larger naval deployments than we had at the time, that we'll move aircraft carrier battle groups into the region more frequently than we had in the past, that we conduct more amphibious exercises with elements of the Marine Corps. For example, we did some of that during the crisis in the gulf. You may see more of that sort of thing in the future.

You may see more temporary deployments, when we send units of various sizes out to exercise and undertake joint training with our friends in the region.

But the notion that there is going to be a large U.S. military base, for example, or a permanent presence in that sense in the region I think would be inaccurate. That is not our intention.

Senator INOUYE. Are Persian Gulf nations offering to provide financial support for this operation, or will we pick up the tab?

Secretary CHENEY. The gulf nations, of course, have provided significant support to date for Operations Desert Shield and Desert Storm. In terms of the costs that are involved with respect to these operations in the future, I don't anticipate that they are all that significant. It is the kind of thing that is a question of where you exercise in the world, for example. We exercise in various places around the world. But we will be doing more exercise in the Persian Gulf than we have in the past.

In terms of significant outlays, I do not foresee significant additional outlays as a result of the kind of thing we are talking about doing or undertaking with our friends in the gulf. There may be some additional dollar amounts, but it is not a big ticket item.

BURDENSHARING AMONG U.S. ALLIES

Senator INOUYE. Do you believe that Europeans, like the Germans, or Asians, like the Japanese, carry a heavier financial or manpower burden in the aftermath of Desert Storm? After all, they are the major beneficiaries of the oil supply in that area.

Secretary CHENEY. One of the things, Mr. Chairman, that strikes me about Desert Storm is the extent to which we have been able to finance it with significant contributions from others.

I cannot think of a historical precedent for the kind of arrangements that have been worked out this time around, where what will be an estimated $60 billion in cost, a significant portion of it, probably well over 75 percent, will have been borne by our friends and allies—the Japanese, the Germans, the Saudis, the Kuwaitis, the United Arab Emirates, and others.

In terms of the contributions of those two nations, one of the significant developments as a result of the gulf war has been that both the Japanese and the Germans now have moved farther than they had in the postwar period, in terms of being willing to send units to participate in a multilateral exercise. There currently are Japanese mine sweepers working in the gulf alongside United States forces, to sweep mines from that part of the world. It has never happened before.

The Germans have been far more active now in recent weeks in terms of supporting the effort in the north, the Kurdish refugees up there.

So, compared to where we were before the crisis in the gulf, I think we have a higher degree of support and cooperation out of our allies than ever before. This does not mean that we cannot find ways to improve on it in the future.

B–2 VERSUS B–1 BOMBER

Senator INOUYE. The House recently made a very important decision, which will fall in our laps soon. In essence, they decided to terminate the B–2 program and called upon DOD to beef up the B–1 program, to improve the B–1.

We will have to decide what to do about this. So, I wish to ask this question.

If given a choice of the B–2 or the B–1, which one would you select, sir?

Secretary CHENEY. Well, Mr. Chairman, without taking anything away from the efforts that have been made over the years to develop the B–1 and deploy it—and we now have some 97 in the force—I think the B–2 is a quantum improvement over the B–1 in terms of its capabilities; the stealth features that are built into the B–2 are so much ahead of what was available at the time that the B–1 was built, the comparison clearly leads me in the direction of the B–2.

We are pushing the B–2 and continue to emphasize the B–2 for several reasons. One is that we do not think the strategic threat has gone away. The Warsaw Pact may have gone away. But the Soviets still have thousands of nuclear weapons targeted on the United States. We do not expect that to change.

The flexibility and capacity to modernize the triad and preserve the bomber leg of it we think is very important.

We also think it is important that, if we cancel the program now, the total cost will have come to about $40 billion, and for that we will have purchased 15 aircraft; that if we continue the program, as we have recommended in the President's budget, we will be able for about another $25 billion or $26 billion to buy the next 60 aircraft, which gives us the full-up wing that we think is the minimum necessary to have a useful asset.

To stop at 15 aircraft does not make sense in terms of our long-term requirements and we think it is very important to go forward with the B–2.

So we have made the choices: to cut the size of the Air Force, to cut the size of the B–2. We have done all of those things that we think are required to make room in the budget for us to be able to finance the B–2 and we hope Congress will see fit to approve it.

Senator INOUYE. Because of time constraints, I will be submitting the rest of my questions for your consideration and response.

I would like now to recognize the vice chairman, Senator Stevens.

Senator STEVENS. Thank you very much, Mr. Chairman. I will try to be brief, too.

RETURNING TO A DRAFT

Mr. Secretary, you are obviously facing a choice between modernization and force structure. Keeping in mind your charts, it appears to me—and I say parenthetically also that I certainly supported doing away with the draft—it appears to me that your chart is out of whack, the one on the peaks, the one you liked so much.

This is because on the top of the peaks in both instances, those were draftee-based military. Now we look at the future, 1995 and through the period we are going now, with a professional, comparable pay military, which we all hope we can maintain in the future. Doesn't that augur for us going back and asking the American people: aren't you willing to put up a little bit more to maintain this in order that we can preserve our options? Or should we give them the alternative of reinstating the draft in order to maintain modernization?

If that line of yours is, in fact, the top line, you either have to reduce something under it or have to lift the line if we are going to have both an adequate force structure for the future and the modern weapons that will take us into the next century.

Am I wrong?

Secretary CHENEY. Senator, we would argue that we do have the right mix here, given the assumptions we are working on. That is to say, given the top line that we have been provided by the Congress and agreed to by the President, we think we have the right mix here of force structure and modernization. Admittedly, it is a very tough set of decisions. But we have made a set of recommendations that allows us to cut the force structure enough so that we can continue to invest in modernization. If we try to keep all the force structure under this budget ceiling, then obviously we would see a declining quality in the force.

The issue of going back to the draft is really one for the Congress to consider. The Department was told in about 1973 that we were no longer going to rely on the draft, that we were going to go all-volunteer. It was difficult getting that started. But the services I think have done a tremendous job of making it work. That was what the country said they wanted to have, an all-volunteer force, and I think the quality of the force is now without question. We have seen what they are capable of doing.

Whether or not you could do that same sort of thing with the draft, whether or not the Congress would be willing to go back and reinstitute a draft is a question that is beyond my pay grade at this point. I have been a strong supporter of the all-volunteer force. Those are the rules we are given to operate by and we have done it.

Senator STEVENS. With regard to that line, when I was with the chairman over in the Persian Gulf, it continued to haunt me. This pay grade business doesn't go down too well. We are not in that bad a pay grade right now.

Let me go to another subject. And, incidentally, I think we ought to debate that some time.

STAYING WITHIN BUDGET SUMMIT AGREEMENT

I still see this budget as being inadequate to do both, to prepare us for the next century and to maintain the force structure that I think we need in this decade. It is going to be extremely difficult to raise it, and I really believe, if you look at history, you will see that your top line, as you call it, is not going to be the actual line because Congress has traditionally cut at least 8 percent from the request of any Secretary of Defense.

I think if that happens, that bottom line underneath the top line is going to come down a lot more steeply than you feel.

Secretary CHENEY. Senator, we are operating on the assumption that the budget deal that was entered into last fall will be adhered to. We have not come forward and asked for more money.

It is not inconceivable that, if circumstances change in the world, if a year or two from now I felt or the Chiefs felt that we could not do what we were asked to do with the package that is before you today, we would come back to the President, come back to the Congress, and say: "Gentlemen, we don't believe this is adequate; that, given what is going on in the world, we don't think we can go down as far or as fast as embodied in this plan."

I have a high degree of confidence that for 1992–93, we have a pretty good fix on it. It starts to get a little fuzzier when you get out beyond that, into the 1994/1995/1996 timeframe, just because that is far enough away so that we cannot speak with precision about what the world will look like then.

But, based on the assumptions we have given here, we are fairly confident that we can do the job with what we've got and with what we are recommending to you.

ARMS CONTROL PROSPECTS

Senator STEVENS. In terms of the START Agreement and the conventional forces negotiations that are going on now, it appears that we have not been able to get the kind of agreement that we are seeking. At least, for the time being, the news indicates that there is no give as far as the Soviets are concerned.

Haven't we taken away the incentive for them to come on board by the unilateral reductions that we have noted in terms of the MX and the other strategic forces?

Secretary CHENEY. With respect to the strategic forces, we have preserved what we think is important in terms of modernization. One of the things that has changed is you clearly have the potential for a START Agreement that would reduce the number of strategic systems on both sides. That would shrink the target base. That would mean we would need fewer weapons to cover the Soviet target base as a result of START.

But it is also true, for example, that Eastern Europe, the Warsaw Pact, no longer is deemed hostile. It now has democratically elected governments. That, in and of itself, has changed our requirements from the standpoint of strategic systems.

So we have been able to make adjustments that we think still provide adequate capability but at lower levels.

We have not scrapped ~~altogether~~ follow-on missile systems. We have, at the direction of the President, preserved both the rail garrison in an R&D status, and we are continuing with the research and development on the small ICBM. We will have the first test flight of the small ICBM this year.

But we will have the capacity, should Congress decide to go forward with deploying additional systems, if we are not successful in the arms control arena.

In CFE, the Conventional Forces Reduction Agreement, we currently have difficulties there with the Soviet interpretation of the treaty, which has already been signed. General Moiseyev is in town today. I will be meeting with him later on. He has already met with Secretary Baker. He will be meeting with General Powell. We want to see if we can't resolve the outstanding conflict there.

Again, the important thing in conventional balance is the fact that the Soviets are getting out of Eastern Europe; that reversing what happened in Hungary in 1956 or in Czechoslovakia by 1968 by July 1 of this year—they'll be gone from those two nations. There won't be any Soviet forces there. They will be out of Poland in 1993 and out of Germany by 1994. That basic fundamental trend justifies the reduction in U.S. forces in Europe.

Senator STEVENS. My time is almost up. So let me put three questions into one.

This turns back to the Pacific again.

SECURITY IN THE PACIFIC REGION

You have indicated briefly what you see in terms of a new effort in Korea and Japan for reduction. We have a sticky problem with the Philippines. We have an ongoing challenge in Korea and, of course, the forward-deployed status in Japan for many of our forces.

The two of us represent the Pacific States, Hawaii and Alaska. What do you see for balance, keeping in mind what I indicated at the beginning, our increased feeling about the buildup of the Soviet forces in the Soviet Far East and Siberia, as opposed to the decline that you have just mentioned in Eastern Europe?

I do not see in this plan of yours any indication that the Pacific has a continued threat which does not exist in Europe. The Pacific has an increased threat, really, in terms of Soviet forces, as compared to 1987, whereas, as you indicated, by June there will be a definite decrease through the reductions in Warsaw Pact forces as far as offsetting NATO is concerned.

Can you give us an idea of what are we going to do about the posture of the Pacific vis-a-vis Europe in terms of this situation; that is, unless you disagree with what I have just said?

Secretary CHENEY. Well, Senator, we continue to be concerned about the Pacific. I do not disagree with you at all in the sense that there have not been the kind of dramatic changes in terms of a reduction in the Soviet threat in the Pacific that we have seen in Europe, nothing equivalent to the Soviet withdrawal from Eastern Europe and the collapse of the Warsaw Pact.

But we have seen some reductions in Soviet activity in that part of the world. They have been forward deployed at Camranh Bay, had a fairly high level of activity out of there in years past, and we see that dropping off. We are seeing some of those units redeployed back to the Soviet Union and a lower level of activity than had been true in the past.

We see some progress in terms of Soviet-Chinese relationships, a reduction of tension on those borders. Gorbachev has now visited Japan and Korea. We see the establishment of diplomatic relations between the Koreans and the Soviets as a potential development.

So we do see some changes, but they are not nearly as dramatic as in Europe.

What we have done, in terms of adjusting our own force posture out there, is not dramatic, either. We are not talking about taking over one-half of our forces, for example, out of the Pacific. We are taking down 10 percent, which is the path we are on currently.

That is based in Korea, for example, on the assumption that the Koreans, as their economy grows stronger, will increase and will be able to do more for themselves; that, while we want to retain our presence in Korea and stay forward deployed there, we want to shift from a situation in which we are the leading power in terms of their military security to one in which we support them and they take the leading role and responsibility.

We still want to retain Marines forward deployed on Okinawa. We want to retain a forward-deployed aircraft carrier battle group in Japan and fighters at Masawa. All of that is embodied in the program that we have here. The Japanese have agreed to increase their contribution over the next several years, so they will pay an ever-higher percentage of the total cost of the operation.

So we are not pulling out, by any means. But we do think we can do our job more efficiently out there and at somewhat lower cost and a lower presence than we have had in the past. But partly that is a reflection of the increased capability of our allies, rather than it is a result of a reduction in the threat.

Senator STEVENS. Well, Mr. Chairman, I would just close in saying that I believe it is correct that the seven largest armies of the world are still present in the Pacific and there has been no reduction in any of them.

As the Soviets may be moving out of Camranh Bay, they are increasing their presence across the strait from my State. I believe there is some increased threat to the north Pacific in general. But we will get to that later.

Mr. Chairman, Senator Garn has a statement and some questions that he would like to submit for the record.

[The statement follows:]

STATEMENT OF SENATOR GARN

Secretary Cheney, you are no doubt aware of my interest in the issue of the reduction of tests sets for the MX Missile from seven to three. After reading your response to a letter I signed, along with a number of colleagues, and the responses that Secretary Rice and General McPeak provided the Committee to questions, I was surprised by the inconsistencies.

I know the battle to reverse this decision will be difficult, if not futile, But I do not feel as though I can simply ignore the facts because budgets are tight. I am hopeful that the Senate Armed Services Committee will fund a more adequate test flight program for the MX Missile. However, even if they are unable to, I want a clear record to exist on this subject.

Although you were not present when I asked the questions of Secretary Rice and General McPeak, similar arguments were made in the letter sent to you. I believe the reduction in the test sets is clearly a budgetary decision that is not based upon strategic requirements. I have read with interest your testimony before Congress that the Soviets are modernizing not just three ICBMs, as we had previously been told, but six. All of this, while the Department of Defense proposes reducing the test sets for the MX, eliminates procurement funds for the Midgetman (or SICBM) and derailing the Rail-Garrison MX.

All of this is taking place in an environment where the Soviets are backsliding in arms control negotiations and where we now know that our potential adversaries are not only located in Moscow. I have a number of questions that I would like you to respond to for the record.

Senator STEVENS. Senator Domenici asked to put on the record the fact that he had to go to another committee, but that he will be back.

I must ask your indulgence and excuse myself, Mr. Secretary, as I have been called to the floor for an amendment.

Thank you very much.

Senator INOUYE. Thank you, sir.

Senator Specter.

Senator SPECTER. Thank you, Mr. Chairman.

Mr. Secretary, I join my colleagues in complimenting you for a job extraordinarily well done, the gulf war, and a job that you are continuing. I hope to have an opportunity to discuss with you some of your activities with respect to Saudi Arabia, which I consider to be the key, both for military preparedness in the region and the peace process. But, because of limitations of time, let me turn to some matters which are closer to my home, but of major importance nationally for our defense.

Sometimes there is the concurrence of a parochial interest with a national interest, and I think it is true when it comes to the issue of the carriers.

Mr. Secretary, I appreciate your candor in articulating the decline of the Soviet menace and stating the importance of regional preparedness, forward deployment, such as that which we found necessary in the gulf, where the air power either won the war or was significantly responsible for winning the war. That, in turn, depended upon the carriers, and that depended upon the Service Life Extension Program, where the Philadelphia Navy Yard was a major component.

The plans are now going forward to downsize carriers which, according to the DOD plan, would eliminate the Philadelphia Navy Yard, which I consider to be a major error in terms of national security.

One of your charts, Mr. Secretary, stated that the carriers would be decreased from 13 to 12 from 1990 to 1995, and I think that was an inadvertent error because there are currently 16 carriers, including the trainer.

We are about to move out the U.S.S. *Midway*. But the *George Washington* is going to be added.

Mr. Chairman, I would like to make reference to the Navy aircraft maintenance chart for 1990.

NUMBER OF CARRIERS NAVY NEEDS

The Navy testified extensively, Mr. Secretary, about the desirability of many carriers, say 22; reduced that figure to 15 in terms of prudence; we currently have 16; if you eliminate the carrier, it is 15. It seems to me that, if you contrast the B–2 bomber, where you asked for 70, where the costs are slightly under $900 million, and the cost of the service life extension of a carrier is under that, at about $850 million, the carrier gives an enormously increased quantum of defense national security.

I have supported the B–2 in the past, Mr. Secretary. But it seems to me that if you contrast the B–2 on one side and the carrier on the other, the carrier gives an enormous amount of additional protection in terms of the criteria which you outlined.

My question to you is this, Why not three more carriers and three less B–2's on the priority scale?

Secretary CHENEY. Senator, we have wrestled with the question of carriers. One of the interesting debates in the Pentagon is how many aircraft carriers does the Navy really have. [Laughter.]

Terms become very important. When we use the numbers up here, talking about having 12 carriers, we are talking about 12 deployable carriers. We don't count them where if, for example, the *Enterprise* is in overhaul. It is unavailable when it is down for that purpose. So it does not show up. The trainer does not get counted again because, while in wartime you might be able to pull it back out, man it, and get it ready to go to war over a period of time, those carriers, however, do not get counted in the total.

Senator SPECTER. Mr. Secretary, may I interrupt you on that precise point, if I may, and I am reluctant to do so?

Secretary CHENEY. Surely.

Senator SPECTER. Would you disagree with what Secretary Garrett said in the letter to the New York Times on October 1, 1990, that: "At any one time, roughly one-third of the Navy's carriers are fully combat ready and forward deployed?" So, when you talk about deployable, you are down to one-third of whatever number you have.

Secretary CHENEY. As a general rule, Senator, in peacetime, without a surge requirement, you operate a carrier on an 18-month cycle. It deploys for 6 months; it comes home for 6 months; and it works up for 6 months. Then it deploys again.

So that 18-month cycle generally holds. If you've got 12 carriers, roughly you have 4 that are at sea or are ready to go to sea at any one time.

Now, we can surge if we have to. We just did in the gulf, when we sent six carriers to the gulf on short notice. You speed up the deployment of some of those that are waiting to deploy, and you leave some others at sea for a longer period of time.

But, as a general proposition, your rule of thumb is about right. About one-third of whatever we've got as deployable is immediately available if there were a crisis today, for example.

These are difficult choices, between how much you invest in a strategic air asset versus how much you invest in aircraft carriers for the Navy. We think we have about the right mix.

These are long-term decisions. When we talk about an aircraft carrier these days, a new one is going to be around for 50 years. The *Midway*, which is getting ready to come out of the force, is the last of the World War II era carriers. It has been upgraded significantly, given a whole new deck, et cetera, over the years. But it has been around for over 45 years.

The B–2, if we build those, will, in fact, also be around that long. Fifty years from now, we'll still be flying the B–2. So it is that kind of length of time that we are talking about.

We think we have made the right call. Honorable men can differ as to how much you ought to invest in that strategic air asset, versus aircraft carriers. But we think we have it about right.

Senator SPECTER. Mr. Secretary, there is not a great deal of time in a 10-minute round. So let me ask you two questions in one. Then, whatever balance of the 10 minutes there is, you can use to answer and supply the rest for the record.

I will be submitting questions on a number of Pennsylvania installations and other questions.

I am very much concerned about the absence of hard data to evaluate the Navy's findings on the base closure issue. It seems to me that there is a very strong argument for down-sizing all eight Navy Yards. I intend to make that argument as forcefully as I can before the Base Closure Commission.

But it has been very difficult to do because of the difficulty, really the impossibility, of getting information from the Navy.

The GAO made this finding in a report which was just issued a few days ago, on May 15:

> Due to the limited documentation of its process, we also could not assess the reasonableness of the Navy's recommendations for closures.

Then, a little farther down, at page 46:

> The Base Structure Committee decided that much of the data were biased in favor of keeping bases open and were inadequate for an objective assessment of the Navy's basing needs.

Now, at the conclusion of the hearings, Mr. Secretary, I have a letter that I want to give you today to make sure you get it promptly. This is because my deputy, Morris Ruffin, saw a document in the possession of Navy personnel which had a return date for a letter I submitted on April 19, a return date of May 24. Getting it on May 24 gives me the information after the hearings of the Base Closure Commission in Washington on May 22 and after the hearings in Philadelphia of the Base Closure Commission on May 24.

I know that you cannot respond to that now. But I think that is a very, very serious matter which I want to put on the record.

I want to give you an opportunity to reply to that. This is part of the broader picture as to whether there has been adequate information. I am sure you would agree with the indispensable prerequisite of fair information available for Members of the Congress, members of this subcommittee, to make an evaluation.

The last question that I have if I have any more time, and if not I will hold it for later, is this.

Senator INOUYE. You have 2 minutes.

Senator RUDMAN. He can have 2 minutes of my time, Mr. Chairman. I don't need that much.

Senator SPECTER. I thank both the Chair and my distinguished colleague from New Hampshire.

Mr. Secretary, there was established by Congress in the 1991 Defense Authorization Act the Advisory Commission on Consolidation and Conversion of Defense Research and Development Laboratories, with the recommendations of this commission to be due by September 30, 1991.

The Base Closing Commission has dealt with the Naval Air Development Center at Warminster, PA, which, again, I think is a matter of national importance. It has the only mechanism for testing pilots, which has to be within 20 feet of granite. It has a mechanism for pilot ejection, so that when it was necessary in the gulf war to test the ability to eject pilots with a chemical paraphernalia, the only site could be located there.

A group of us wrote to you back on March 22, 1991, Mr. Secretary, and I do not believe we have received an answer. But I know how busy you are and I do not raise that in terms of any criticism.

My question is, Shouldn't the Advisory Commission on Consolidation and Conversion make a decision on a research facility, like the Naval Air Development Center, instead of the Base Closing Commission?

Secretary CHENEY. Senator, if I may respond generally—and I am not familiar with the facility at Warminster—if I may talk generally about the policy, as I read the GAO report—I have not seen the entire report; I have just looked at the summary—what it suggested was not that the Navy didn't have good reasons for what they did, but, rather the GAO could not validate that based upon the data that was available. It was the GAO's judgment that we ought to close more facilities, not less.

The GAO can speak for itself. But the point I would make is, given the numbers that we are having to deal with here, given the fact that we have been working for 2 years to put together this program, we don't have time to spend doing a lot of studies to figure out how we are going to cut the defense budget. We have to get on with cutting the defense budget.

The suggestion has been made, for example, that we ought to withhold cutting force structure in the Active Force but also especially the Guard and Reserve until we can do another study of the proper mix. If we do another study of the proper mix, I would lose another year in force structure cuts. That means I've got to keep force structure out there. But I know what my top line is. It is coming down. So I am going to have to get rid of something else.

The problem, from my perspective, is that we need to get on with what we are going to do if we are going to end up with a quality force and meet the budget targets that I have been given.

That is why the pressure is on to get the bases closed, to get our research labs reorganized and consolidated, and to find other ways in which we can cut our overhead and save money long term in the defense budget.

If there has been a problem with respect to congressional mail, I will personally go back and bang on the system to make certain that you get your letters answered. I would agree the idea that you shouldn't get a return on your letter until after you need it is unacceptable.

As a former Member of Congress, I never appreciated when agencies did not respond quickly. So I will make certain that the mail does get answered and that it gets answered on time.

Senator SPECTER. Mr. Secretary, in 10 seconds, I appreciate your problems in moving ahead with dispatch. But you have to have adequate facts for your conclusions.

I would appreciate it if you would take a look there so that we can work together to try to get the right conclusions.

I thank you, Mr. Chairman.

Thank you, Mr. Chairman, and thank you, Senator Rudman.

Senator INOUYE. Thank you.

Senator Rudman.

Senator RUDMAN. Thank you very much, Mr. Chairman and Mr. Secretary.

Let me just simply say that I think all of us are impressed with your management of the Defense Department in the true sense of that word, not only in the Desert Storm, which may be in some ways, although not all, perhaps somewhat easier to carry out because you do have unilateral power to make the decisions you and the Joint Chiefs made, than it is to work through this budget which, obviously, is a two-edged sword.

Let me just commend you for your management.

Second, let me just say that, as I listened to a lot of the conversation, I am kind of glad that what we finally did in New Hampshire is now done. We were the first base to close, the Pease Air Force Base. I think in the long run, that will work out well for the State, although in the short run it is difficult.

We do have, of course, a naval shipyard. It is being downsized. We only have one other facility in the entire State that is military, and that is the Cold Regions Experimental Laboratory in Hanover, NH. I would like your assurance here today that you are not going to move that to Georgia. [Laughter.]

Secretary CHENEY. What about Hawaii, Senator? [Laughter.]

Senator INOUYE. He got you on that one. [Laughter.]

Senator RUDMAN. Mr. Secretary, that would not surprise me. [Laughter.]

Mr. Secretary, I just really have one major question and comment. I wonder if you might have your staff assistant put the chart back up that dealt with the force structure reduction.

FUTURE FORCE LEVELS

Secretary CHENEY. Are you talking about end strength, or the divisions, wings, and so on?

Senator RUDMAN. The divisions, wings, ships, carriers.

FORCE STRUCTURE

	FY 1990	FY 1995
Army Divisions	28 (18 active)	18 (12 active)
Aircraft Carriers	13	12
Carrier Air Wings	15 (13 active)	13 (11 active)
Battle Force Ships	545	451
Tactical Fighter Wings	36 (24 active)	26 (15 active)
Strategic Bombers	268	181

Mr. Secretary, I was struck by your opening comments relating to the fact that what you would do when called on by the President in August was essentially dictated by what your predecessors had essentially bequeathed to you and the Congress had developed. That is the only chart that I am going to want.

That, of course, will be precisely true for your successor in 1996 or 1997, or whenever.

I have talked to a number of the professional ranking personnel at all of the services. The thing that strikes me and that I really wonder about is whether we are being at all realistic, particularly on your first line, that this Nation of nearly one-quarter of a billion people with, it seems to me, certainly into the 21st century worldwide obligations, can possibly suffice with an active duty strength of 12 Army divisions, which, in terms of tooth-to-tail ratios themselves are probably somewhat better than the 6 to 1 that we have across the force, though maybe they are 3 to 1 or 2 to 1. That is a very thin line of people that you'll have available to you for whatever commitments we might have which we cannot anticipate anywhere in this world. With all due respect to aircraft carriers, carrier air wings, ships, and tactical fighter wings, I may have a prejudice—in fact, I'm sure I do—but the bottom line is that what it all comes down to is that you need ground forces. This is the point that you made over and over again during October, November, December, and January of last year. You are going to have 12 divisions—good divisions and capable divisions—but 12 divisions worldwide.

Can you truly feel comfortable in saying to this committee that that is something you think is adequate?

Secretary CHENEY. Senator, again, it is based upon certain assumptions. The assumptions are that we see the complete and total withdrawal of all Soviet forces from Eastern Europe, as they abide by the agreements now in place; that we see continued general improvement in terms of the overall threat situation in the world. It does not mean all threats are going to go away; they are not. We are still going to be faced, from time to time, with the need to do what we describe as regional contingencies.

But that is a total of 18 divisions. Obviously, the Guard and Reserve will play a significant role in there.

We also believe that we can go to that level because we want to protect our capacity to reconstitute forces if we have to; that if we were to see a reversal, for example, in trends inside the Soviet Union, that we would have enough time to go back and rebuild divisions before we were faced with the kind of threat that we have seen over the last 40 years.

The question I am often asked and maybe the best way to put it in perspective is, could you do Desert Storm with that force?

Senator RUDMAN. The answer, I believe, is that you could not.

Secretary CHENEY. Well, I think we could. I would respond differently.

The planning that went into this, that decided to go down to 18 total division in the Army, 12 Active, was based upon the defense planning guidance that the services responded to, which basically said to plan for the kind of Southwest Asia scenario we have just been through.

It would look different than it did this time around. But this time, when we deployed all of those heavy divisions to the gulf, we still had two heavy divisions left in Europe. We still had two heavy divisions left in the continental United States, the 4th and the 5th Mech. In the future, in 1995–96 terms, if we did that kind of scenario and you had to go and do Desert Storm, and you took a corps, two divisions out of Europe, there wouldn't be anything left in Europe.

But 5 or 6 years from now, if the Soviets are totally out of Eastern Europe and those are all democratic regimes, pulling two divisions out of Europe for a period of time probably is a risk you can accept. It does create a higher degree of risk elsewhere in the world. You would probably have to use more Reserves than we did this time around. We'd have to call up more than the roughly one-quarter million that we called up. But I would argue that that force would still be sufficient to do what we just did in the gulf.

Senator RUDMAN. You well may be right. I am sure you know that there is some disagreement within the defense community as to that conclusion. We don't have to get in to that, but there is some disagreement.

Secretary CHENEY. Sure.

TOTAL FORCE POLICY

Senator RUDMAN. I want to just pick up on a point that you made.

You described the Reserve and Guard forces as a somewhat sensitive subject with Congress, and I agree it is. But I think it is fair to say that, in terms of the combat support units, they performed very well, and you have said so.

Secretary CHENEY. Absolutely; yes, sir.

Senator RUDMAN. But I think to talk about a total force concept of deploying combat units on the same timeframe as active duty units from the Reserve is just not realistic.

Do you agree with that?

Secretary CHENEY. Yes; I do.

Senator RUDMAN. Well, I'm glad.

Secretary CHENEY. In talking about ground combat units.

Senator RUDMAN. Absolutely, the combat arms, artillery, infantry, armored.

I think to expect to deploy Reserve forces, on which I served for some years—and, although we were pretty ready, I surely would not have wanted to compare our unit to the 82d Airborne unit to be deployed and be ready to fight in 1, 2, or even 3 or 4 weeks—that is exactly what you found in this situation. You wanted to bring those units up to snuff in a concentrated training program. So for all intents and purposes, the six Reserve and Guard divisions, although very important in terms of a rapid force that you really need for a couple of crises in the world between now and 1995, you really cannot count on them on a short timeframe; am I correct?

Secretary CHENEY. That's correct.

Again, I want to emphasize, Senator, that the Reserves performed magnificently in this venture.

We did run into some problem, a source of controversy, on a decision I made with respect to the ground combat roundout brigades, which I will be happy to get into if the committee is interested in pursuing it. But, overall, the system performed very well. It needs only some minor adjustments, specifically on the question that you mentioned.

Senator **Rudman**. Well, I think you have made a very wise decision, and, based on history, a very sound decision. Had you deployed some of those units, had things turned out differently, and had there been high casualty rates in those Reserve and Guard units, with virtually no preparatory training to actual deployment, then you would have been roundly criticized, or worse.

No; I think you were absolutely right. And that is not to detract from the great job the Reserve forces did. They did exactly what they were supposed to do.

Let me just come back to my opening statement with a comment. Mr. Secretary, I just feel, and I know the budget agreement and all of the other problems that we have, that we are just on the thin edge in terms of our own security with that kind of force in 1995, considering that we still will have worldwide obligations. That is the way I feel and I am going to try to make some changes to it. Whether I am successful or not, I do not know. But I just feel that that is a very thin line of strength for 1995, even taking all of your assumptions.

If one or two things go wrong between now and 1995, then you or your successor will be hard put to do what you did in Desert Storm. That is just my view.

I thank you.

Senator **Inouye**. Thank you.

Senator Kasten.

REDEPLOYMENT OF RESERVE FORCES

Senator **Kasten**. Mr. Chairman, thank you.

First, let me also add my congratulations to those of several others around this table who have congratulated you and the people working with you and for you for the outstanding job in the Persian Gulf.

One of the many success stories that came out of Desert Storm/ Desert Shield has got to be the tremendous and broad-based support that the military has received from all across the country. We are starting to see that support right now in the form of parades and gifts for the returning troops. All across Wisconsin we had family assistance centers set up in communities like Madison, Appleton, Milwaukee, Green Bay, Tomah, Wausau, and Eau Claire. The family assistance centers were working, in effect, to support the families who had troops overseas.

These families have been told, and were under the impression, that the Reserves and the Guard would be among the first ones home. These families were looking forward to their loved ones' quick return.

We know that this has not now been the case. Now the families of at least some of the Reserve and Guard members tell me that they cannot get information, or at least timely information, from the military about why the Reserves are not home and what the timetable is for their return. We also have only received some sketchy information with regard to the redeployment time schedule.

So now we have a number of people who are concerned and worried. They still support the overall military effort. But they have questions, such as what kind of work are the Guard and Reserve still doing, and why can't many of the remaining jobs be performed by regular duty personnel. Some of the work, for example, that is being performed in Kuwait and Saudi Arabia does not seem to require any special training or job skills. So can't some of the remaining work be done by the regular forces and, therefore, have a number of the people in the Reserve and Guard come home? I sent you a letter recently from a soldier from Appleton, WI, in this regard.

So the Guard and Reserves have done their job well, as we have just discussed with Senator Rudman, and they have made many personal and financial sacrifices. But with the war over, why can't we now make a stronger effort to get our Reserves and our Guard personnel back. An example would be the 107th Maintenance Company from Sparta and Viroqua, WI. Why can't we get those kinds of groups back so that they can resume their normal lives back home?

Secretary CHENEY. Senator, we are moving as rapidly as we can to get everybody home as quickly as possible. We now, as of this morning, have under 100,000 troops left in the Kuwait theater. That is a peak of about 540,000 at the end of the war. So we have taken out over 440,000 personnel just in the last couple of months, and continue to move rapidly along those lines.

Part of the problem is this. When I was over there on my last tour a couple of weeks ago, I visited with our senior officers and Lt. Gen. Gus Pagonis, who has headed up our logistics operation. He is one of the real heroes of Desert Storm.

He is well aware of the sensitivity of trying to get everybody home as quickly as possible. But given the total force concept that has developed over the years, there are some specialties that are vested primarily in the Reserves that you don't have active duty units to perform. This is true of an awful lot of our logisticians, of those people who run our port facilities, for example.

We are now in a position where they are in great demand because that is the mission that is currently being performed, and there is no combat underway over there. We have, out of the roughly 100,000 total personnel left in theater, about 40,000 or 41,000 who are guardsmen and reservists. We will get them down as quickly as possible.

I do not have any specific information on the individual unit you mentioned. It is my understanding that everybody who is in theater has now been given a date when they can expect to return home, so that everybody knows when they will be coming home.

There may be some who would like to come home sooner. I'm sure there are a lot. But I believe General Pagonis has now been able to give everybody a specific date of when they can expect their tour will be up and they will get to come home.

We have been operating on the assumption, which, again, has been the policy, that when we call up guardsmen and reservists, they become active duty personnel. They are interchangeable with active duty personnel in terms of the kinds of things we expect of them, their obligations and their assignability, if you will.

But we are well aware, because I have heard from many Members of Congress, of the sensitivity of trying to get them home as quickly as possible. I know many of the reservists have borne a disproportionate burden in the sense that they had to give up their civilian careers. Their lives have been disrupted. They have had to leave and oftentimes have taken a significant cut in pay in order to serve. We are not insensitive to that.

Senator KASTEN. So, you now believe that all of the people there, though, have received specific return dates? They have been given a timetable and we can work with that?

Secretary CHENEY. That is my understanding.

Senator KASTEN. I wonder if, possibly on an individual basis, we might be able to get that information through our office so that I can start to work with some of the people in Wisconsin with regard to dates or anticipated dates that the Department of Defense now has. Would that be possible?

Secretary CHENEY. Sure.

Senator KASTEN. Good.

[The information follows:]

The remaining Wisconsin units and their redeployment dates are: the 1122nd TC Detachment—3 June 91; 890th TC Company—6 June; 340 TC Detachment—3 June 91; 826th OD Company—25 July; and the 107th CS Company—26 July 91.

ALLOCATING MANPOWER REDUCTIONS

Senator KASTEN. Let me switch horses for a moment.

I know that we talked about the Guard and Reserve and obviously we all agree how important they all were in Desert Storm/Desert Shield. At the same time, the Army budget in particular—and you referred to this in your opening statement briefly—reflects a planned 30-percent reduction to the Guard through fiscal year 1995.

If we applied that planned reduction to Wisconsin, and assuming that you are going to do it proportionately across the country which I'm not sure would be the case, the reductions would translate into a loss of roughly 3,000 positions in Wisconsin.

The Army is planning a 20-percent cut in Active troops, as opposed to the Guard's 30-percent cut. However, since the personnel reductions are budget driven, it does not seem to make economic sense to allocate the majority of the personnel reductions to the Guard when they represent only about one-quarter of the cost of Active troops. In other words, we can maybe be more efficient and get more "bang for our buck" if we reallocate the distribution of the position reductions among Active, Reserve, and Guard components.

Now I know the House of Representatives, at least in committee markup which may not hold for the floor action, has reversed at least part of this imbalance or this perceived imbalance.

Is the Army still planning to reduce the Guard's personnel strength by 30 percent, or are you now in the process of reevaluating your options with regard to this planned reduction?

I think, frankly, I prefer the House's position, which still makes a reduction to the Guard. But it is less of a reduction and it is more of a proportional reduction, as I understand it, than the original budget submission.

At this time, are you reevaluating the Army's position? Obviously we are going to be working this issue in this committee. But can you talk with us a little bit about the disproportional percentage reductions?

Secretary CHENEY. Sure.

Would you get the manpower end-strength chart.

I don't have the specific numbers before me in terms of what the Army is planning on, Senator, but let me address the issue if I can, generally, for a moment.

DoD MANPOWER

(End Strength In Thousands)

	FY 87	FY 92	FY 93	FY 94	FY 95	FY 87-95 Change
ACTIVE MILITARY						
ARMY	781	660	618	577	536	-245
NAVY	587	551	536	516	510	-77
MARINE CORPS	199	188	182	176	171	-28
AIR FORCE	607	487	458	445	437	-170
TOTAL ACTIVE	2,174	1,886	1,795	1,714	1,653	-521
SELECTED RESERVES	1,151	1,068	989	924	906	-245
CIVILIANS	1,133	1,003	976	958	940	-193

Obviously, we will do whatever the Congress tells us to do. The members of the authorizing and appropriations committees of the House and Senate will decide what the end strength is going to be in each of these areas.

We have not changed our view any, though. It is, without question, controversial.

We think what we recommended is balanced. We think what the House did is unbalanced, does not give us the kind of reductions that we think are required.

I come back again to the way the total force is structured. There are certain roles and missions that are assigned to active duty forces. In the Army, that tends to be your major combat operations, with some exceptions obviously, and the National Guard plays a role in the roundout brigades.

Then a lot of your combat service support and combat support elements are pulled out of the Guard and Reserves and deployed when you mobilize, as happened this time around.

If you take down the active duty components from 18 to 12 Active divisions, you don't need as many combat support and service support units as would be the case. So you have to draw that down as well.

Otherwise, you are preserving force structure that does not have a mission.

This is why we have recommended the cuts that we have. If you look here, the Reserve cuts are not broken out by service. We would be happy to get those for you.

[The information follows:]

SELECTED RESERVE END STRENGTH CHANGES

	Fiscal year 1991	Change	Fiscal year 1992 budget	Change	Fiscal year 1992 House levels
ARNG	457,300	−46,400	410,900	+29,100	440,000
USAR	318,700	−36,000	282,700	+25,300	308,000
USNR	153,400	−18,800	134,600	+9,400	144,000
USMCR	43,900	−3,000	40,900	+1,500	42,400
ANG	117,035	+1,065	118,100		118,100
USAFR	85,591	−4,391	81,200	+2,196	83,396
Total	1,175,926	−107,526	1,068,400	+67,496	1,135,896

Secretary CHENEY. This issue does affect, first and foremost, the Army because they are the ones that are most reliant upon the Guard and Reserve. There was little change recommended, as I recall, in the Air Force in terms of their reductions. But their structure is different, their mission is different, and it is basically an Army issue.

Senator KASTEN. Mr. Chairman, I know that we, as a committee, will look at this issue carefully. As I said before, from my analysis, the Guard appears to be taking an unfair reduction. You don't disagree, Mr. Secretary, do you, that the cost of Guard troops is roughly 25 percent of the cost of the Active force?

Secretary CHENEY. Right; but if I cannot deploy them and use them because everybody wants me to hurry up and bring them home once we have them deployed, then it is not the same as an Active force.

Right now, I am being urged to substitute Active Duty forces for Reserve forces in the gulf. Either it is a part of the total force or it is not. From the standpoint of cost, it is not enough just to look at cost. You also have to look at what they do, what their mission is, how ready they are, how long it takes to work them up to deploy. All of those other kinds of issues enter into it.

The Army has spent a lot of time on the subject. It has been a very difficult effort inside the building. As I say, I think they came up with the right answer. It is one that I support, and it is what we have recommended to the Congress.

The Congress obviously will take a look at it.

Senator KASTEN. Thank you.

Thank you, Mr. Chairman.

Senator INOUYE. Once again, I would like to remind the committee that the Secretary will have to leave here at 12 noon. Keeping that in mind, I hope we can discipline ourselves to limit our questions to 10 minutes.

Senator Bumpers.

INTERNATIONAL ARMS SALES

Senator BUMPERS. Mr. Secretary, is it your plan or the administration's plan to go ahead with phase 1 of the arms sell to Saudi Arabia?

Secretary **CHENEY**. The one that was approved last year?

Senator **BUMPERS**. I am not sure. I know there was a suggestion to the President that we sell up to $20 billion in arms to Saudi Arabia. That was pulled back, but as I understand it, phase 1 was still going, $7 billion.

Secretary **CHENEY**. Yes, sir.

Senator **BUMPERS**. Was that the one that was approved last year?

Secretary **CHENEY**. It was approved last year by the Congress and it is going forward. Some of that has already gone. Some of it was identified as things that they urgently needed in the midst of the crisis last fall. There are other items that we would like to pursue long term, but there is no current pending request before the Congress.

Correction, no current pending requests on that list. I believe there are items pending with respect to spare parts, but I think what you would think of as a major arms sell, another big chunk of tanks or similar type of purchase, nothing along those lines is currently pending to the best of my knowledge.

Senator **BUMPERS**. Do you think it would be a wise idea for this administration to convene at least the permanent members of the Security Council with a view toward some sort of a multilateral approach to arms sells in the world? Do you think that would be beneficial to the world?

Secretary **CHENEY**. I think if we could find a way to do it.

Senator **BUMPERS**. There are others—Brazil, for example—but I am just talking about the major arms exporters.

Secretary **CHENEY**. Major arms exporters are primarily the members of the UN Security Council, permanent members, the five permanent members of the UN Security Council. There are others as you point out.

The President has made it clear that the administration is interested in trying to find ways to control the flow of arms that we are especially interested in weapons of mass destruction and technologies that lend themselves to that kind of capabilities. But we are also interested in the conventional arena as well.

That does not mean, though, a total prohibition on arms sells. I would argue that most of the people we have sold to in the Middle East, for example, have not been the aggressors. That we have been involved, the United States has been involved, primarily, in supplying the Israelis, the Egyptians, the Saudis, and that it is not United States arms sells that have fueled instability in the Middle East.

I think some kind of an arms control policy, if we can develop it, would probably be a good thing. But it has got to be evaluated in the light of the extent to which it contributes to the security of our friends and allies and to our own interest in the region.

Senator **BUMPERS**. I think your point is well taken, Mr. Secretary, but does that not also argue for some sort of a multilateral approach to this, considering that Saddam had 75 Mirages and a host of other, for example, a lot of mines from Italy?

Secretary **CHENEY**. I do not disagree with that, Senator. I do not think this is the kind of issue you can address successfully on a unilateral basis. I think it is going to take a cooperative effort by several nations.

Senator **BUMPERS**. One other point I might make is that you point out that our sales have not been to people who have turned out to be enemies. But we have just seen that that is not necessary. For example, we have sold Kuwait 300 Hawk missiles, 18 batteries, launchers. Incidentally, what happened to those?

Secretary **CHENEY**. They were captured by the Iraqis when the Kuwaitis were overrun.

Senator **BUMPERS**. Do you know where they are now and have we made any demands for their return?

Secretary **CHENEY**. I think we destroyed some of them in the air campaign, Senator. I would assume there are still some in the Iraqi inventory.

[The information follows:]

SUBJECT

The HAWK missiles belonged to the Government of Kuwait. The US did express concern to the Government of Kuwait over the issue and the Kuwaitis submitted a list of items stolen during the invasion. The HAWK missiles were high on this list, but as yet nothing has been returned to the Kuwaiti government.

Regarding how many of them survived the war, less than 200 were in the Kuwaiti inventory at the time of the Iraqi invasion. Beyond that, we have no good estimates of how many of the missiles survived the war.

Senator **BUMPERS**. The second part of the question is, Have we made any demands on Saddam that those be returned?

Secretary **CHENEY**. Not to my knowledge.

Senator **BUMPERS**. Do you think we should?

Secretary **CHENEY**. Again, I do not know how many of them survived the war. We could check on it, but I simply do not have that information.

Senator **BUMPERS**. Well another point, for example, we have sold stingers to Bahrain, a country of 750,000 that we give our easily, most sophisticated antiaircraft, at least shoulder-fired antiaircraft missile. And if Saddam had invaded Bahrain, I would submit that we would probably have more dead pilots right now. Saddam was never able to make the Hawks operational. But it would not take anything to make a Stinger operational.

That is just the reason I raised the question, Mr. Secretary, because I think——

Secretary **CHENEY**. Let me, if I may respond on the case of the Bahrainis. I would argue that probably our staunchest friends and allies in that part of the world are the Bahrainis. The United States has had a presence in the Persian Gulf since 1949 thanks, primarily, to Bahrain. When I travel through that part of the gulf, the people who are the warmest, and the friendliest, and the most eager to cooperate jointly with the United States are our friends in Bahrain. Since they live in a dangerous neighborhood, they have some legitimate security needs. We have, in the past, with the approval of the Congress, provided them with Stingers.

Senator **BUMPERS**. But the point is that neither Kuwait nor Bahrain can defend themselves against much of anybody. And what happens, just in the case of Kuwait, you have a belligerent neighbor invading a very small nation who, considering its population, was armed to the teeth. And so far as I know, that defense and all the high-powered weapons they had, including the Hawks, were of absolutely no value to them.

And I would submit to you that if somebody chose to invade Bahrain, they would take those Stinger missiles with absolutely no problem at all. What can a nation of—I mean, they are friendly nations. I do not want to take anything away from them and we appreciate their friendliness. But I do not think that is a justification for selling them our best technology.

Secretary CHENEY. Well, Senator, I do not want to zero in just on Stingers in Bahrain, but it seems to me that what we are looking for here is some kind of balance. And that we do have friends in the gulf. They live in a dangerous neighborhood. They do face real threats and it is in our interest to help them deal with those threats.

Now, to the extent that we help them develop their own capabilities, admittedly, they are somewhat limited, certainly compared to ours. But to the extent we help them develop their own capabilities, we reduce the likelihood that U.S. forces would be required.

To the extent that we do not provide them with any indigenous capability whatsoever, then the only recourse they have when threatened, is to call upon the forces of the United States. So, either extreme, it seems to me, is to be avoided.

What we are looking for here is a reasonable policy that says, look, they do have some legitimate security needs. A lot of those can be dealt with by themselves or collectively through something like the GCC. The ultimate safeguard is the ability of the United States to do what we just did when we liberated Kuwait.

But to suggest that we should not sell anything at all to them, I would find that a proposition that would be difficult to agree with.

Senator BUMPERS. Well, if the five permanent members of the Security Council had had some sort of an apparatus in effect for the past 10 years, Saddam Hussein would never have been able to build the kind of military capability he had and this whole thing might have been avoided.

Secretary CHENEY. Depending upon the structure. If, in fact, the Soviets had not sold him 1,000 T–72 tanks, MIG–29's, et cetera.

Senator BUMPERS. That is right. And the Scud, and the Silkworm, and the Mirages, and all the rest of it. All I am saying is, it seems to me that there is one thing in this country that people really are honing in on right now and feel strongly about, and that is arms exports, particularly to Third World nations.

Secretary CHENEY. Right. But again, Senator, I would make the point that it is not United States arms that fueled the war with Iraq. If we are going to operate in this area, it clearly has to be something that places some restraints on the other major purveyors of arms to the Middle East, upon the Chinese, and the Soviets, and the North Koreans, and others who have provided significant quantities to those who have, in fact, been the aggressor.

Senator BUMPERS. Well, of course, Danny Ortega, you know, operated with an awful lot of weapons that we left in Vietnam. As long as the weapons were around——

Secretary CHENEY. Purchased from the North Vietnamese, provided through the Cubans, and sometimes the Soviets.

Senator BUMPERS. So, you never know where those weapons are going to wind up. That is my point. And as I have said a thousand times, our weapons have a tendency to last longer than our friendships.

SDI AND OTHER CANCELLATIONS

Let me ask you this question. Neither of us, I guess, are going to persuade each other on SDI and I have noticed your rather powerful and strong statements in the last couple of days. You folks are going to wear that veto threat out over there one of these days.

But, on SDI, let me ask you this. The SDIO report to Congress from 2 years ago, lists seven basic elements of phase 1 of SDI. And three of those—the SSTS, the BSTS, sensor satellites, and the space base interceptors—have been killed outright. Two have been substantially changed, the ground base interceptor and the ground command center. And one was killed and then resurrected in the form of a ground base radar.

Now, that has all happened in just 2 years. And GAO has just reported this instability in the program and the billions that have been wasted in funding all of those things that were killed or dropped.

Now, you killed the A–12. I think I applaud that. I deferred to your judgement on it. I did not know that much about the A–12. But obviously, any program that was that far behind and that far over, probably deserved to be killed. But why would you not treat the SDI with the same treatment you did the A–12, based on essentially the same set of circumstances?

Secretary CHENEY. I just think they are radically different, Senator. I would argue, for example, one of the reasons the BSTS and SSTS have been dropped from the program of SDI is in part because of the changed architecture as a result of the research and development we have done and the things we have learned from that.

The development, for example, the Brilliant Pebbles concept, replaces the need for us to deploy some of those other, bigger, more complex, and more expensive systems that were in the original architecture. We have learned a lot through the SDI R&D program, and that was the intention of the program.

With respect to the question of instability in SDI, the biggest instability, I believe, has been occasioned by the churning of the funding. Each year, we lay out what we think is a reasonable path with respect to a long-range comprehensive plan for SDI. Every year, Congress cuts very deeply into it. Then we have to go back every 12 months and rejigger the program. That has, indeed, churned the program.

But I would argue, with all due respect, that part of the instability in the programs is occasioned by the uncertainty about funding levels based upon congressional actions.

In terms of killing the A–12, technically what happened, it is important for the record to reflect this, I made the decision not to come back to the Congress to ask for billions more to bail out the contractors for the particular phase of the A–12 program that we were in. The Navy then made the decision to terminate the contract. Technically, that is what transpired.

The issue before us was how to complete the full-scale development part of the contract. No one could tell me what just that portion of the contract was going to cost, let alone the total program. And there were very serious delay problems. And we have been through a series of events where it was clear the program was not being well managed and that is why the decision was made to terminate it.

We still need to develop a follow-on bomber for the A–6. It has been recommended to the Congress in the new naval aviation package in an amendment to the budget that is before the committee and we are not giving up on satisfying that requirement. We are just going to try to do it by different means. We have gone back and rejiggered the program in a way that we think makes sense, that we have got greater confidence in, and that is what we have recommended.

But we are not wiping off the need for us to develop a new plane for carrier aviation, anymore than we would want to go in and say, OK, we do not need ballistic missile defenses. We think we do need ballistic missile defenses. SDI is the program that is currently on the books to develop that.

It is the source of controversy. I wish we could find some way to reach an accord between the President, the Congress, and the Department so that we had some degree of certainty out there. Because, I am increasingly of the opinion that most people believe we do need defenses against ballistic missiles.

Senator BUMPERS. And I am one of those, on a limited basis, Mr. Secretary. And I am glad to hear you say that, because I think that really an honest effort on the part of the administration, members of this committee, and the Armed Services Committee, that such an accord might be reached.

I agree with about 90 to 95 percent of your proposals here. And I have just simply honed in on some of the things that really concern me because of their cost.

One final question, Mr. Chairman. Harold Brown has been quoted as saying, anybody who uses Patriot as a justification for SDI does not know what he is talking about. Do you agree with that?

Secretary CHENEY. No; I have great respect for my predecessor, Harold Brown, and I am deeply appreciative of some of the wise decisions he made when he was Secretary of Defense, because we put a lot of that equipment to good use. But, I do think Patriot shows that it is possible to deploy systems to intercept incoming ballistic missiles.

Admittedly, Patriot, to expect it to have done a perfect job is totally unreasonable. It started out as an air defense system. But it did perform amazingly well and demonstrated our ability to develop that capacity.

Senator BUMPERS. Mr. Chairman, I have three or four additional questions I would like to submit for the record.

Senator INOUYE. Without objection. Thank you very much.

Senator Sasser.

Senator SASSER. Thank you very much, Mr. Chairman.

Following on to Senator Bumpers' questions and observations with regard to weapon proliferation, I was interested to see and I think it is worth noting here for the record that perhaps our friends, the Japanese, may have an approach that we ought to consider with regard to weapon proliferation and weapon sales.

I noted with interest just a few days ago that the Japanese Government has indicated that it will take into consideration in giving economic aid to various countries the proportion of that country's gross national product that is spent for weapons, and if there appears to be a disproportionate amount of that country's wealth being spent for weapons, the Japanese Government will look unfavorably on economic aid to that particular government.

This might be an approach that we should consider in the coming years.

Secretary Cheney, I think we would all agree that our Reserve units performed admirably in the desert and that the Guard and Reserve units that were called up performed with courage and, I might say, with honor. I am particularly pleased to say that, because we had over 60 units from my native State of Tennessee that were called into service in the Middle East, including my old Marine Reserve company that ended up as part of the "lost battalion" in Iraq.

But what I want to discuss with you this morning, Secretary Cheney, is a problem that may be developing with many of these Reserve units. As we phase down the Active force, there is going to be, I think, substantial reliance on Reserve units, and I expect you would agree with that.

Some of these Guard and Reserve units are returning with not a very good taste in their mouths, however. Let me give you an idea of what we are talking about.

STATUS OF 9–12 MASH UNIT

We have a unit in our state, from Johnson City, TN, made up of east Tennesseans, called the 9–12 MASH Army Reserve Unit.

Now, the 9–12 is a MASH medical unit. They have been serving for many, many months in the Middle East. They cannot seem to get a clear indication of when they are going to be released to come home.

They were told right after the war was concluded that they would be coming home within 2 or 3 weeks. They were even told to stop sending their families letters and packages.

Then the unit was told that it would ship out by April 1. Then it was told that no, they wouldn't leave by April 1; they would be moved to Iraq to participate in humanitarian activities.

Then, after they had packed up to go to Iraq, they were told no, you are going to go to Kuwait instead. When they got to Kuwait, they were told that they would be coming home by May 5, and were even told to mail their clothing home.

Then, the very next day, they were told you are going to have to serve another 6 weeks. Finally, they were given the date to return home on June 15, only to be told a few days later that they wouldn't return home until July 23.

Now, this has been going on for a period since February until July 23, which is the date they have now been given. The problem is that you have physicians who have been losing their practices, dentists who have been losing their practices. They cannot get the proper copies of military extension orders to give to creditors and people who are making financial demands on them.

This is a very serious problem for many of these people.

I want to ask you, Secretary Cheney, this morning if you would personally look into the problems we are having with the 9–12 MASH regiment or MASH unit and see if we can't get a definitive date for returning these men and women home just as soon as possible.

Secretary CHENEY. I will do that, Senator.

As you have laid it out, obviously there have been some problems there. We have tried very hard to deal straight with everybody and let them know what was expected of them and how long they would have to stay.

As I indicated earlier, General Pagonis has now, I believe, provided return dates for all of the individuals and units still serving. But I will ask for a report on it and will personally look into it to see exactly what the situation is.

Senator SASSER. I would very much appreciate you personally looking into it because it is causing a very substantial hardship for a number of people. These are patriotic men and women. The Government did not pay for their medical training. They paid for it themselves. They are leaving their practices and they are pleased to do their duty. But I think most of them feel that it is time to get back home and get on with civilian activities.

If you would personally look into it, I would appreciate it very much.

Secretary CHENEY. I will do that.

[The information follows:]

The 912th MASH unit will redeploy in two phases. The main body has a projected redeployment date of 6 June 1991. The unit flag will be deactivated on 15 June 1991. There will be sixty-eight individuals who will remain in SWA attached to another unit for command, control and operational purposes. They will remain deployed until the 85th Evacuation Hospital (AC unit from Ft. Hood, TX) is augmented with personnel and deployed to SWA. While it was expected that the 68 remaining individuals from the 912th would be redeployed to CONUS for the purpose of demobilization 12 September 1991, the Army now believes that date will be accelerated to late July or early August.

Senator SASSER. Mr. Chairman, I am going to give some of my time back this morning.

Thank you very much.

Senator INOUYE. Thank you, Senator Sasser.

Senator Leahy.

Senator LEAHY. Thank you, Mr. Chairman.

Mr. Secretary, a couple of weeks ago I went over and visited our forces involved with Operation Provide Comfort. I went to Turkey and met Major General Garner, General Zinn, and Col. Jim Jones. I flew into one of the camps that the Special Forces set up in Iraq. I went to Zaiku. This is before the U.N. arrived.

I will tell you the same thing I told President Bush when I went to meet with him after I came back from that trip. You can be extremely proud of the men and women who are over there. The logistical operation by itself is staggering, coordinating and moving so much equipment from tents to water to medical supplies, food, and so on, and doing it so quickly and effectively. Actually knowing where most of the stuff is located and being able to move it around is amazing. I don't think any other country on Earth could do it.

That is just the mechanical aspects of the operation. On the human aspects, I saw men and women, some of whom have just come from combat, working very hard to help people in desperate need. I have been to refugee camps all over the world and I don't think I have ever been anywhere where the need was greater. I was proud to see people put aside any thought of when they might return to the United States and just be pleased with what they are doing. We should be proud of our commanders and troops in that region.

I told the President he should be proud of them. I just thought I would pass that on. They are doing one heck of a job.

Secretary CHENEY. Thank you, Senator.

ALLIED CONTRIBUTIONS FOR U.S. GULF COSTS

Senator LEAHY. We also looked at the amount of the contributions from our allies. I know that Senator Inouye and others raised this earlier.

It seems that there is still about $18 billion worth of "the check's in the mail." Saudi Arabia and Kuwait, who had probably the most at stake here, still owe us a combined $15 billion.

Do you know when they are going to pay up?

Secretary CHENEY. I have every reason to believe they will, Senator. I do not have a specific date upon which the money will arrive.

Senator LEAHY. Even a ballpark date?

Secretary CHENEY. I don't. I expect it will be fairly soon; but I simply do not have a specific date on it.

Senator LEAHY. With that kind of money, $15 billion, I hate to think what we are paying in interest.

Secretary CHENEY. We estimate that the total operation will cost somewhere in the ballpark of $60 billion, and probably better than 75 percent of that will be picked up by contributions from our allies. A very significant part of that is already in hand.

I think we have already picked up some $28 billion out of the account that we are now using, that Congress authorized us to use in the supplemental.

Senator LEAHY. If those figures of the overall costs are accurate, we have so far recovered probably one-half or less of the costs.

Secretary CHENEY. I think we have recovered over one-half at this point.

Senator LEAHY. What about Japan? They were going to send $10.7 billion, but the figure changed in the end. They finally paid $9.4 billion. What about the other $1.3 billion? Are we going to write it off or is Japan going to come up with the full amount they promised?

Secretary CHENEY. It is my understanding that the Japanese have agreed to cover the difference that came about as a result of the currency fluctuation. There is still a dispute over an amount out of the total that we thought they had committed to us that they had contributed to others involved in the operation.

But they did, in fact, contribute over $10 billion to the debenture.

Senator LEAHY. Again, because we are paying interest on the difference in the meantime, do we know when that dispute is going to be settled and when we might know if they are going to pay the full amount that they promised?

Secretary CHENEY. I cannot give you that. I just don't know, Senator.

The fund raising has been handled primarily through State and Treasury. We spend it at the Defense Department.

Senator LEAHY. Well, I am chairman of another committee that involves the State Department and I will ask similar questions. I am just trying to get some idea of the situation because every time I pick up the paper, I see different figures floating about. We have made money; we have lost money; the check is in the mail; the check is not in the mail. We are talking about so much money at a time when this committee, as well as my own Subcommittee on Foreign Operations, is looking for ways to find a few extra dollars.

For example, we are spending less on refugee aid than the interest we are losing in waiting for the Saudis and the Kuwaitis to pick up the tab that they agreed to pay.

That is why I am concerned on the date.

RATIONALE FOR B–1 AND B–2 BOMBERS

I remember earlier, when I was first on this committee, we debated whether to stop the B–1 bomber. The decision was made to stop the B–1 bomber because we had the B–2 coming along, or the stealth bomber. Then, in 1981, it was decided to go back to the B–1 bomber. I said at that time that the Air Force should remember the old proverb about being careful about making wishes because sometimes they come true. If their wish was to have the B–1, it actually might come true. They would find there would be a lot of other programs for which they would have to be scrounging around to find money because of the "black hole" that some thought the B–1 might be. The Air Force might find other accounts somewhat short to pay for the plane.

Be that as it may, we went forward with the B–1. Secretary Weinberger touted the B–1. He said that we needed both the B–1 and the B–2. We needed the B–1 because it would be an exceptional, conventional bomber. He claimed we would not use the B–2 for conventional missions because that would be an inefficient use of resources.

Now we find the B–2 funding in jeopardy, and the argument flips completely around. We are told that the B–2 is needed for its conventional capabilities. Contrary to what we were told before by a previous Secretary of Defense, it would not be an inefficient use of resources.

Was Secretary Weinberger wrong?

Secretary CHENEY. Well, Senator, I, as a Member of Congress, voted for both the B–1 and the B–2.

Senator LEAHY. Yes, I understand. I don't care about your vote, though. I want to know whether Secretary Weinberger was wrong or not.

Secretary CHENEY. Well, I'm responsible for my vote. I am not responsible for what Secretary Weinberger may have said several years ago.

Senator LEAHY. But that is the testimony that led the majority of this committee to vote for it.

Secretary CHENEY. For the B–2?

Senator LEAHY. For the B–1 and the B–2.

What I want to know is were we given the wrong information?

Secretary CHENEY. I don't think so.

My own personal view, without having the arguments in front of me and not having served on this committee at the time, is clearly the basic fundamental mission of the B–2 is to modernize and upgrade that leg of our strategic triad. But, as has been true of the other strategic bombers we have built over the years, like the B–52, we also believe it will have conventional capabilities and that it is valuable in terms of thinking about the B–2 long term to keep in mind the fact that it will have that conventional capability, the ability to fly intercontinental ranges, to do it stealthily, and to carry a large payload that could be delivered on a conventional target, as the B–52's just did in Iraq.

Senator LEAHY. But if Secretary Weinberger is right, that the B–1 is better at a conventional mission, why should we spend $65 billion on the B–2?

Secretary CHENEY. Well, I come back again to the proposition and the arguments that I made earlier today on the B–2. We think the B–2 is very important in terms of upgrading our Strategic Triad, the bomber leg of the Triad.

The B–1 is now in the force. Its primary mission is strategic. But we are getting rid of all of our B–52's eventually. They are getting up in years and we are gradually taking them out of the force and we are going to have fewer bombers at the end of the decade than we have had at any time in the last 50 years.

We will have 97 B–1's as a part of the force. Hopefully, we will have some B–2's as well.

The B–2 is a significantly enhanced bomber over the B–1 in terms of its stealth characteristics, for example. We have already spent about $40 billion on the B–2 in the up-front costs, the R&D developments, the manufacturing processes. If we stop the program now, we'll have a total of 15 B–2's.

Senator LEAHY. Does it add to its cost to give it the conventional role?

Secretary CHENEY. It would add to its cost if you are going to put precision——

Senator LEAHY. How much?

Secretary CHENEY. I couldn't give you a figure on that. I don't know at this point.

Senator LEAHY. Do you have perhaps a ballpark?

Secretary CHENEY. No; I just don't know.

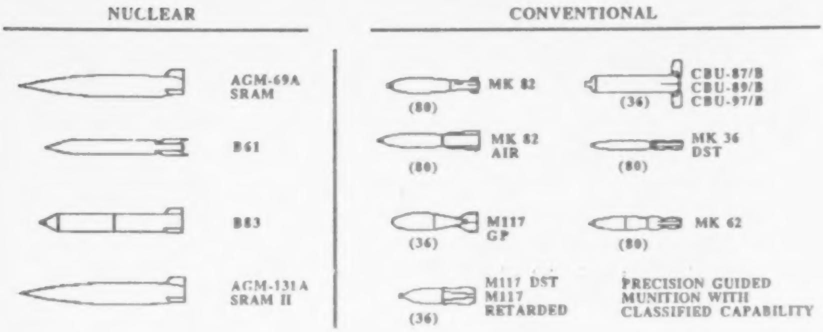
Senator LEAHY. Would you supply that for the record?

Secretary CHENEY. Sure.

[The information follows:]

While possible options are currently being evaluated to integrate future precision guided munitions, the baseline aircraft has always contained this capability. Further, the B–2 baseline has always included a robust conventional capability, as depicted below.

B-2 WEAPON CARRIAGE REQUIREMENT



While the B-2 will have a capability to deliver both conventional general-purpose bombs and/or precision weapons, we are not able to provide any further details of a precision weapon capability at this time.

Secretary CHENEY. It is analogous, Senator, to the F–111. The F–111 we have used over the years as a nuclear bomber in the F-B mode. We used it in the gulf as a precision bomber because, with a laser designator on it, it was very good at dropping precision-guided munitions on targets. The same kind of basic principles apply where the B–2 is involved.

Senator LEAHY. We authorized some planes in fiscal years 1989 and 1990.

Has the Air Force signed the contracts for those planes yet?

Secretary CHENEY. I don't know.

Senator LEAHY. Can you supply that for the record?

Secretary CHENEY. Certainly. I believe they have signed contracts for all the planes that have been authorized. I don't have any reason to believe that they have not.

[The information follows:]

The Government is currently negotiating the Low Rate Initial Production [LRIP] contract for the fiscal year 1989 and 1990 aircraft buys. After negotiations are completed, the contract will be definitized, and the cost validated. The Government anticipates that the contract will be signed in September 1991.

Senator LEAHY. So if they have signed the contracts for the planes we authorized in fiscal years 1989 and 1990, those contracts would be available for review? Is that correct?

Secretary CHENEY. Any contract that has been signed I would assume is available for review.

Now, there has been a dispute, Senator, between the House and the Senate over exactly how many B–1's have been authorized.

Senator LEAHY. There must be some common denominator that both sides agree on. I mean, there is a certain minimum.

Secretary CHENEY. Senator, I wish I could say there were.

Senator LEAHY. Well, there is a certain minimum number. I mean, if one side authorizes *x* number and the other side authorizes one-half that number, at least the half number is authorized.

Secretary **CHENEY**. It's the problem between one side authorizing *x* number and the other side authorizing zero.

Senator **LEAHY**. That does get a little bit hard to divide, doesn't it.

Secretary **CHENEY**. It does. The conference left that unresolved when it adjourned in the last Congress.

Senator **LEAHY**. Would you please get back to me on that?

Secretary **CHENEY**. Certainly.

[The information follows:]

REVIEW OF CONTRACTS

Because of long lead orders placed prior to the several program changes, the B–2 program currently has 10 Low Rate Initial Production (LRIP) aircraft in fabrication and five retrofittable Full Scale Development (FSD) aircraft. As a result, 15 aircraft comprise the foundation of the current production program and continue the transition from development to production. We will use $1.8 billion of the $4.1 billion to fund the development program in fiscal year 1991. The remaining fiscal year 1991 dollars ($2.3 billion) will be used to fully fund (a) two additional LRIP aircraft, (b) the long lead for five aircraft to protect program flexibility, and (c) options for sustaining labor. This will not cause the aircraft actually under production to increase beyond the number authorized previously through FY 1990.

Senator **INOUYE**. One last question, Senator.

Senator **LEAHY**. That's fine, Mr. Chairman. I have a couple of other questions for the record. I will look for the answer to that and the answer to the question of how much it would add to the B–2 to give it the conventional role.

Thank you.

Thank you, Mr. Secretary.

Senator **INOUYE**. Thank you.

Senator D'Amato.

Senator **D'AMATO**. Thank you very much, Mr. Chairman.

NAVAL AVIATION REQUIREMENTS

Mr. Secretary, I have just an observation to make and maybe a plea.

On May 8, the Congressional Budget Office presented a study of the Navy's amended budget submission and its long-term impact on naval aviation. I don't know if you had an opportunity to see it or have been advised of it. I would ask that maybe you take a look at it.

But according to the budget people, only 57 percent of the fighter and attack aircraft requirements would be met under the Navy's present plan. If experience is any teacher as it relates to cost increases, the A–X, for example, if it were to experience a cost increase of 50 percent—and that is certainly not unreasonable—the FA–18E and FA–18F by 25 percent, the percentage of requirements would drop from 57 percent down to 42 percent.

I do not believe that that is something that is good. I think it would be dangerous, and particularly in light of the fact that what it does is it places even a greater reliance on the A–X, and there are some very real questions with respect to its design, its tradeoffs with respect to speed, maneuverability, range, payload, et cetera.

I do not intend to ask you to go into those now, and some of those are theoretical, those questions, if I would ask you to give me the tradeoffs in these areas.

But given the Department's opposition to the F–14 remanufacturing, and given the manner in which that directly impacts and drives that figure of fighter and attack aircraft requirements down 57 percent—and I think that is a pretty reasonable number and that is why I asked you to look at that—I am going to simply ask you to do this, Mr. Secretary.

I know you have stated your opposition to the remanufacturing of the F–14's, but would you relook that in light of those findings that have been made. Some you may disagree with. But some you may find have some very real legitimacy. Would you attempt to reexamine your position and the position of the agency, the Defense Department, as it relates to that remanufacturing program.

I believe that it is essential. I believe that it will address a great deal of the shortfall that might otherwise occur. Again, I am not going to go into a protracted or a long debate on that. But I would just ask you to reexamine that, and maybe at some time in the future we might have an opportunity to discuss it with you.

Secretary CHENEY. Senator, I would be happy to do that.

Let me just make a general statement, if I may, on the subject of naval aviation because it is one of the areas that I think most cries out for attention from the committee.

I look at the naval aviation part of our total capability and I think it is extremely important that we come to a decision about how we are going to proceed down the road. Obviously, our aircraft carrier capability is directly related to what kind of planes we can put on the deck.

The Navy has wrestled with this difficult question now for several months. I have been involved in the process as well. We came up with a program that has been recommended to the committee that does not involve F–14's.

I think the best way I would describe it, in terms of how we look at it, is that after a lot of agonizing and analysis, the Navy concluded to go with the FA–18 and the F–18 upgrade, the E or F model, re-wing A–6's, and then bet on the A–X in the outyears.

We think it is very important to move forward with the A–X. I think they have found ways to improve over what we have done so far on the A–12. I feel pretty good about the A–X; but, admittedly, as you say, it is a paper airplane at this point. Nobody has built one yet.

The debate between the F–18 and the F–14 community has been going on for a long time. But the bottom line from our standpoint is such things as the cost. An F–14 is more expensive than an F–18. The manpower required to maintain them, the amount of maintenance that is required is greater on the 14 than it is on the 18. The 18 already has the dual capability, the air-to-air and air-to-ground. The modified version, the upgraded version, will give the 18 greater range, which is its greatest shortfall against the F–14. And we have close to 400 F–14's in the inventory now.

So the Navy made some very difficult decisions that were not easy for them. I think they have a good package. But I will be happy to listen to any arguments and any evidence or information that the Senator thinks is worthy of consideration.

Senator D'AMATO. I thank you, Mr. Secretary, for that. As I promised, I was not going to get into a debate on it now. But if I have your assurance that we can review that, I would be deeply appreciative.

Thank you, Mr. Chairman.

Senator INOUYE. Thank you.

Senator DeConcini.

STATUS OF RESERVE TRANSPORTATION GROUP

Senator DECONCINI. Thank you, Mr. Chairman.

Mr. Secretary, you have heard compliments from everybody. Just let me echo those comments on the leadership you have demonstrated through your whole tenure as Secretary of Defense; not just during the Persian Gulf war.

To follow up on the area that Senator Kasten talked to you about, Mr. Secretary, some Reserve and Guard units that are still deployed over there, I am really having a difficult time in getting a straight answer as to why the 1404 Transportation Group, which comes from Arizona, has to stay over there when there appear to be active duty units that could fill this mission.

Now, maybe I am wrong. My office has been making inquiries—I have written to you and I have spoken with Colin Powell on this, and I have not called you about it because I knew you were coming up here. But I would ask if you would take the time to have somebody on your staff please look at the 1404th Transportation Group and see if, in fact, that keeping them there is the only alternative. They have served their duty and they are willing to stay, of course, if there is substantive work for them to do. That is part of their obligation.

But it seems grossly unfair that they are left there doing work an Active unit could do. I would be most appreciative if you could give me an answer to that, please.

Secretary CHENEY. I will be happy to take a look at that, Senator.

[The information follows:]

The 1404 Truck Co. was scheduled to redeploy this November. However, commercial contracts have been let which will accelerate their scheduled redeployment to early September. Personnel desiring immediate redeployment were given the opportunity to make their request known. Twenty-six responded, and of those, twenty-three were determined to have valid justification and will be sent home by the end of May.

Secretary CHENEY. As I mentioned earlier today, General Pagonis, who has done a tremendous job with the troops——

Senator DECONCINI. He has; I agree with you.

Secretary CHENEY [continuing]. Gus Pagonis has yet to be home. He landed on the plane right behind me when I first got there in early August and has been over there since.

He has done tremendous work and is now in command of the theater, in terms of the forward headquarters of CENTCOM.

He has wrestled with all of these questions to the best of his ability. Everybody wants to come home. He is left with several thousand tanks, Bradleys, artillery pieces, and thousands of tons of ammunition. He is going to be there longer than anybody else, getting it all out.

Senator DECONCINI. I understand. But he is in the regular service, is he not?

Secretary CHENEY. That's right; he is active duty.

Senator DECONCINI. We're talking about Guard and Reserve personnel here.

Secretary CHENEY. An awful lot of the organization he created to manage this whole operation were reservists, though——

Senator DECONCINI. I understand that.

Secretary CHENEY [continuing]. Because we don't have those units in the Active force.

Senator DECONCINI. And maybe there is nothing that can be done. If this is really the mission that has to be fulfilled and this is the only organization that can do it, that's the way it goes. I have explained that to my constituents, who are bellowing, of course. But I am not really convinced that you or somebody in your office has also made that determination.

I would just appreciate it if you would do that for me.

Secretary CHENEY. I will take a look at it, Senator.

ARMS FOR THE MIDDLE EAST

Senator DECONCINI. Thank you.

Following on with the question that Senator Bumpers asked you about proliferation of arms, according to the Defense budget project, countries in the Middle East received $89 billion in arms transfers between 1984 and 1988. The greatest weapon proliferators to this volatile region were the five permanent members of the United Nations Security Council. The United States was responsible for $16.3 billion of that total and the Soviets for $26.6 billion.

There are press reports that the administration may be contemplating substantial sales, in the $20 billion-plus area this year. You have responded to that. But strong interest has been generated up here and with the President's statement to the Congress after the war on this issue, I got the feeling that the administration was serious about nonproliferation and reducing the flow of arms. You explained the need to be good to our neighbors, friends, and allies, such as Bahrain, Kuwait, and other countries.

I just want to ask you, does the administration truly have a policy to reduce arms sales? Is the administration attempting to put together some agreement, among at least the Security Council members, if not all nations, to reduce the flow of arms to the Middle East?

Secretary CHENEY. Senator, the President has made it clear that we are interested, as an administration, in pursuing ways to limit the flow of armaments to the Middle East if we can find ways effectively to do it. I think, though, it is important to distinguish between some of the various arms sales that do go into the Middle East.

I would guess, if you would look at the recipients of that $16 billion in arms sales in the 1984–88 timeframe from the United States, there was Israel, Saudi Arabia, probably Egypt.

Senator DECONCINI. I suspect that is true.

Secretary CHENEY. Those are clearly the predominant countries. I do not recall that any of them threatened their neighbors during that period of time.

I would guess if you looked at the Soviet sales or the sales from some of these other sources, a significant part of that was to the Iraqis or the Syrians.

Senator DECONCINI. Mr. Secretary, I do not question that. I have not looked at it.

Secretary CHENEY. My point though, Senator, is if we are going to have an intelligent policy, it cannot be just that arms sales are bad. It may be that arms controls can contribute to security in the region and we clearly want to pursue that. But that does not mean at the same time that the solution to our problems is for the United States unilaterally to not provide needed equipment to our friends.

Senator DECONCINI. But to me, that begs the question. Obviously we cannot sit back and say we are going to take a unilateral position and not sell any arms. We cannot do that and I understand that.

But what are we doing, if anything, to get other nations to sit down? Why don't we call a conference? Why don't you or the President do so? Why does not the administration take the initiative, or the Soviet Union, or together, or call the five permanent members and see whether or not they would sit down and agree among themselves, which would certainly set a good example, and then try to pull other countries in?

I am not suggesting that we unilaterally do this. If we cannot get the other nations to do it, obviously we cannot sit back and let our friends become intimidated and threatened by arms buildups in other countries.

My question is are we doing anything to attempt to pull other countries in, and if so, what.

Secretary CHENEY. Senator, I think there are active efforts underway to formulate an agreement, a procedure, if you will, that would, in fact, serve to start the process of trying to control the flow of armaments to the Middle East; that it focuses primarily on weapons of mass destruction, but also incorporates within it some elements based on some concerns about the flow of conventional arms as well.

Now, the President addressed this, I believe, in his address to Congress right after the war was over. It is an issue that is being actively worked.

But I think you can understand why, as Secretary of Defense, I am probably not the one to make the announcement of a policy, and it is probably best put together at this point quietly and through normal diplomatic channels, rather than announced.

Senator DECONCINI. Perhaps. Maybe it is of such a classified nature. I am not suggesting that you be the sole policy on this, and maybe you cannot answer me. But on the question of is there something going on, you said or implied that you believe it is actively doing something.

Can you tell us what is going on?

Secretary CHENEY. It is an issue that is being actively worked within the administration and in consultation with our allies. I just cannot go beyond that.

Senator INOUYE. I regret I must stop this.

Senator DECONCINI. Yes, sir.

Is my 10 minutes up?

Senator INOUYE. Yes; it is.

Senator DECONCINI. Then I'm sorry, Mr. Chairman.

I wonder, Mr. Chairman, if the Secretary could share with us in an executive session what is going on. This is of great concern to this Senator and I suspect to others that there is something that is truly going on between our allies and the other nations, even if not our allies, to see what can be done.

I'm sorry, Mr. Chairman. I didn't realize that my time was up.

Senator INOUYE. Thank you, sir.

Senator Domenici.

MULTIYEAR BUDGETING

Senator DOMENICI. Thank you very much, Mr. Chairman.

Mr. Secretary, I had two other hearings and I understand you must leave at noon. So I guess, if the chairman concurs with that, I have about 5 minutes. I am sorry that I don't have more time. I will submit five or six things in writing to you, then, and will try to not be parochial except on one issue. Otherwise, let me talk at you for a minute.

Mr. Secretary, I think you really have something going for you for the first time in a builddown. You expressed some history here and said that we have never built down right. I think you had said that it was for the worst, or we had always blown it or something like that when we have built down. But I think what you have going for you this time is very unique and has a chance of building down right. I believe it is the multiyear commitment of Congress to some numbers that we have begun to call caps.

I believe the strength of the economic summit, as it pertains to defense, is that we, for the first time, permit you, in fact encourage you, in fact give your leaders, your military leaders, some hope that multiyear budgeting is accepted by Congress. I strongly recommend that you urge that the reason you can do what you plan to do is that you are getting more than 1 year of authority.

I would hope you would come out of this summit style with at least a new idea of no less than 2-year authorizing and 2-year appropriating for defense.

I urge that you make it an issue now, while Congress and the American people seem to be on the side of defense. You may get it done, with the military leaders telling us over and over that this is what permits you to do this right.

You now are looking at 5 years. You really only have three. I think the last two are in terribly jeopardy around here if my feeling is right. When it comes to those last two, I think they are going to take billions out for other things because you don't have a number yet.

If you have a thought on whether you think I am on the right track or not, clearly I think this is a very important issue.

Secretary CHENEY. Senator, I agree very much that the multiyear budget is excellent from the standpoint of the Department. It really lets us do some planning. We are operating on the basis that the package before the Congress now is a 1992–93 package that is the beginning increment of a 6-year defense budget that we have laid out in some detail for the Congress.

When we come back up a year from now, we will be submitting a minor modification to the 1993 package and getting ready, then, to do the next 2-year budget after that. So we are going to operate on the basis that we are working on 2-year cycles. It may be easier for you and me to agree on it than it is to get Congress generally to agree on it. But I agree that it is a very important development.

DOE FUNDING

Senator DOMENICI. My second concern has to do with something that might on the surface appear to be arcane. But I think it ends up being very, very important. It is how we decide up here to take money out of the general defense budget, referred to as 050 in budgetese, and move some of it to that next function, called 053, which is Energy-DOD, nuclear and atomic.

I am very disturbed and worried that the dollar number that is being moved from Defense to Energy for all of atomic and nuclear-related activities is not sufficient because new burdens have been added to the Department of Energy for cleanup, which have little to do with continued modernization and safety requirements of the nuclear arsenal of today and the future.

I just want to share with you that I believe the numbers you have given us, in terms of what we ought to move into DOE, which is about $11.8 billion, which is about a freeze, when we do the cleanup work and other things, we are going to reduce the effectiveness of the national laboratories, like Livermore and Los Alamos, by about 5 percent, real, when we have not yet assessed their mission under new safety arsenal requirements that are currently under study by your Department because of a House ordered study that you are aware of on nuclear arsenal safety.

I want to ask you, Mr. Secretary, if we could submit to the appropriators this proposition, indicating that we need additional resources in this DOE function in the neighborhood of $150 to $200 million in budget authority.

I want to ask you if you would look at that and give us your current appraisal, as compared with budget time, of it to see if you support the proposition I am making here today.

Would you do that?

Secretary CHENEY. I would be happy to take a look at it, Senator. Are you suggesting that should come out of the rest of the DOD budget?

Senator DOMENICI. There is no other place to take it. In other words, this could be deemed as the Secretary of Energy trying to take $200 million from Secretary Cheney. But, frankly, it is not that at all. This is the Department of Defense's entire nuclear lifeblood—the deterrent, the future safety, the research. So it is Defense, just as much as the future tactical airplane.

I am very worried that we are going to reduce the effectiveness of the science capacity before we know the real mission for the next decade. This is not a little bit, either. Livermore is down 30 to 40 percent over a decade. It is losing its best scientists.

I think now would be the time to at least keep it current, instead of reducing it, while you and others look at its long-term mission.

Secretary CHENEY. Senator, certainly I am always open to suggestions and I would be happy to take a look at it.

I get concerned here. I am a great believer in Livermore, Los Alamos, and the labs. I think they do tremendous work. Part of the problem, as you correctly point out, is that money that was originally budgeted and intended for one purpose is increasingly now being used for cleanup. The cleanup problems are severe and they have to be dealt with.

Senator DOMENICI. Yes, sir.

Secretary CHENEY. But what we are doing is we are taking money away from the labs. We are taking money away from defense. We are taking money away from military capability in order to fund cleanup. I think the Congress needs to be aware of the fact that it is a difficult transfer for us to make, certainly.

It is an issue that we wrestled with when we put together the budget.

Senator DOMENICI. I am going to submit four or five questions that are specific to my State and to issues that have already been raised. I am not going to raise again the reduction in the Reserves and Guard. That has been properly discussed here.

But I do want to just raise a very parochial interest with a very strange name. It's called the Theater Air Command and Control Simulation Facility. I will give it to you by way of details.

But let me just tell you that there is $150 million invested in computer simulation that has just reached its peak. In the new budgeting, it seems that those in the Air Force that would have used it are not putting their particular agency or department's money into using it, and it is apt to be closed and thrown away when it is just completed, for something like $5 to $6 million worth of operational commitments.

I will submit that in writing. I think that would be a very, very negative incident that could be used to show that we just throw money away when we are trying to do something very different. So that will be among the questions. Whatever you can do to give us an answer would be appreciated.

Secretary CHENEY. Thank you, Senator.

Senator DOMENICI. Thank you.

Senator INOUYE. Mr. Secretary, it is now 12:02. I promised you that you would be out by 12 noon. But I notice that Senator Specter is back again and he has asked for an opportunity to ask one more question.

Would you be willing to stay a little longer?

Secretary CHENEY. I know I will regret it, but certainly. [Laughter.]

Senator INOUYE. Senator Specter.

COOPERATION WITH SAUDI ARABIA

Senator SPECTER. I thank the Chair and I thank the Secretary.

My question relates to a subject raised by Chairman Inouye at the start, and that is the future in the gulf. I noted the press reports but have not had a chance to ask you personally, Mr. Secretary, whether the press reports are accurate, that when you went to the gulf shortly after August 2, about August 5 or August 6, that it took some 16 hours to persuade the Saudis and King Fahd to allow us to come in to use our military force to stabilize the situation and perhaps save Saudi Arabia. I think that is what we did.

I saw the reports last week in the press that, when you went back to Saudi Arabia, you did not see the King on your first swing through but came back a second time and waited some 45 minutes. I have been concerned about what I have seen in the press about the Saudis questioning whether there is a threat there as to the forward deployment issue and the need for some greater security in the region than was there in the past. I believe it is a widely shared view in the Senate and the House that, hopefully, the Saudis would be more cooperative, considering the tremendous expenditure in lives and dollars that the United States and others undertook for their defense.

The one question I have for you, Mr. Secretary, is what are the prospects for securing cooperation from the Saudis for military security in the region and the Mideast peace process, as you see it?

Secretary CHENEY. Senator, let me make a couple of general statements in terms of a response to your opening comments.

My relationship on a professional basis with the Saudi Government has been superb throughout the last year, and it was on the last trip as well, too. The Saudis, we had worked out a schedule so that I stopped first in Saudi Arabia. I talked with Sultan, the Defense Minister, my counterpart. Then I visited the other gulf states and then came back and visited with King Fahd at the end of the trip, which was something we had worked out.

The King was extremely gracious, as he always is. He has always seen me any time I wanted to see him. On this particular occasion, he invited me out to his farm, a place where he does not ordinarily do business, and we spent nearly 2 hours together discussing these subjects.

So, any suggestion conveyed in the press that somehow I was not well received or well treated would not be accurate.

With respect to the overall circumstances, I think it would be fair to say that the Saudis and many others in the region are going to work more closely with the United States in the years ahead on their security than had been true in the past; that we will be able to do things, in terms of joint training, exercises, and periodic U.S. military deployments to the region, that we have never done before, that will enhance the security of our friends there, but also of our interests there.

We are there not just because we wanted to help them. We are also there because it is in our interest to be there.

I am confident that we will work out an acceptable set of arrangements, both from our standpoint and from the standpoint of the Saudis and others.

My reception on this last trip was very good, very positive. I think we have to recognize, though, also that we are dealing with sovereign nations, and they have concerns and issues and interests that they are worried about. They live in the neighborhood and they will look at issues differently than we do. But we have had a good relationship with Saudi Arabia now for nearly 50 years. If anything, it has been deepened and strengthened by virtue of having been through a war together. I feel very good about the relationship in terms of the long-term prospects for United States-Saudi relations.

With respect to the peace process, that is more Jim Baker's account than it is mine. But, insofar as I am aware, the Saudis have been very cooperative.

Senator SPECTER. Thank you very much.

Thank you, Mr. Chairman.

Senator INOUYE. Thank you very much.

Mr. Secretary, once again, in behalf of the subcommittee, I thank you very much for your testimony. As always, it has been very instructive, and it will be very helpful to this committee as we proceed on our process to provide a recommendation to the full Senate.

I hope that we can continue this dialog with you and your staff because there are many questions that I believe need certain answers. For example, the question was brought up by three of my colleagues here on the matter of an arms embargo and cutting down on arms sales. All of us know that the cost of procurement depends on foreign military sales, in most cases. What we would like to know, for example, is what effect would it have upon your budget request if all foreign military sales were halted at this stage.

Second, a question on the B–2 versus the carrier came up. I support the carriers, as you know. But I am well aware that the B–2 may cost $840 million and the SLEP Program may cost about $800 million. So they are roughly equal.

However, the costs of operation and maintenance of these two systems differ. I would like to know the difference. How much would it cost to operate and maintain a carrier for 1 year and how much to operate and maintain a B–2 for 1 year? Further, by adding this extra wing—I would suppose if you have another carrier, you will have another wing—how much would that cost in terms of procurement and how much would it cost to operate and maintain that?

These are some of the questions that I will be submitting to you and I will look forward to your response.

I thank you very much.

Secretary CHENEY. Thank you, Mr. Chairman.

ADDITIONAL COMMITTEE QUESTIONS

[CLERK'S NOTE.—Additional questions submitted by subcommittee members, together with the Department's responses, will appear in the appendix portion of the hearings.]

SUBCOMMITTEE RECESS

Senator INOUYE. This subcommittee will stand in recess until May 23, at 9 a.m., when we will receive testimony on plans to establish the defense business operations fund.

Thank you, sir.

[Whereupon, at 12:10 p.m., Tuesday, May 21, the subcommittee was recessed, to reconvene at 9 a.m., Thursday, May 23.]

DEPARTMENT OF DEFENSE APPROPRIATIONS FOR FISCAL YEAR 1992

THURSDAY, MAY 23, 1991

U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, DC.

The subcommittee met at 9 a.m., in room SD–192, Dirksen Senate Office Building, Hon. Daniel K. Inouye (chairman) presiding.

Present: Senators Inouye, Stevens, and D'Amato.

DEPARTMENT OF DEFENSE

OFFICE OF THE COMPTROLLER

STATEMENT OF HON. SEAN O'KEEFE, COMPTROLLER, DEPARTMENT OF DEFENSE

OPENING STATEMENT OF SENATOR INOUYE

Senator INOUYE. This morning the subcommittee will receive testimony from the Comptroller of the Department of Defense, the Honorable Sean O'Keefe, and our focus will be on a new initiative, the defense business operation fund [DBOF]. The fiscal year 1992 budget proposes to start a single revolving fund, the defense business operation fund, under which all existing stock and industrial funds and other small operations programs will be subsumed.

DOD also plans to fund purchases of capital equipment and the construction of facilities through proceeds earned by this fund. Today these programs are funded in procurement and military construction accounts. In later years, DOD would fund a greater share of DOD's operations through the DBOF by including such programs as individual training and medical activities.

Establishing this fund, the DBOF as it has come to be known, is part of DOD's greater effort to reduce costs and improve the efficiency of its operation through the defense management review.

As chairman of this subcommittee, I wish to applaud the Department's effort in this regard. In a period when defense resources are limited, we must explore new ways to achieve efficiency of operation. Already, every dollar saved through efficiency is a dollar earned for well-deserving programs.

Though we welcome the goals of this new program, we also must proceed with caution. We wish to succeed. Unfortunately, there are many examples of proposals which promise to improve Government operations while saving taxpayers' dollars, which were either never implemented or which ultimately failed.

Some have argued that at the outset the DBOF is little more than a name change to the way the Department currently runs its businesslike activities, such as industrial funds. But I believe that it is much more than this.

Establishing the DBOF would result in important changes in DOD's accounts structure and would no doubt affect Congress' oversight and review of many programs. Moreover, funding military construction projects through this fund would run contrary to Congress' well-established appropriations processes.

Regarding the DBOF, the Defense Department is proposing to establish a $77 billion operation which, if it were a private company, would rank as the fourth largest in America.

We all recognize that we can no longer take a business as usual approach to the management of DOD activities. This is an innovative, even revolutionary approach to the way the Department operates. Yet there is considerable confusion and controversy and some measure of anxiety over what the DBOF is all about.

So our aim this morning is to clarify the record on DBOF and gain a better understanding of this important proposal. With that, Mr. O'Keefe, I welcome you, sir. We have received your full statement and it is made part of the record, and you may proceed as you wish, sir.

SUMMARY STATEMENT

Mr. O'KEEFE. Thank you, Mr. Chairman.

It is indeed a pleasure to be here before this committee. It has special significance for a variety of reasons. From a personal standpoint, the opportunity to participate in a hearing before a committee that I served for so many years is a pleasure.

The opportunity to discuss an issue which is uniquely related to the very functions of the Appropriations Committee highlights the special significance that this committee has placed on the need for looking at reliable financial management procedures as the starting point for making change.

The committee should be commended for looking at these particular areas to be certain of all the nuances involved.

This may be, in many respects, one of the more difficult hearings I have prepared for, but principally for two reasons. First of all, the establishment of a business operations fund that pulls together some of the fiduciary accounts of the Department, may appear on its face to be merely an accounting formula or a complexity that deals with technical issues.

The second point, that is most daunting, is the concern that any time you make changes to financial systems, there are potential problems with accountability.

Rather than walk through the mechanics of how this particular fund works, although we will talk about that a little bit, I will try to demonstrate why the Department believes this is an approach we ought to go with and, in turn, I think that the Congress may agree that it is in our collective interest to provide for a total cost visibility that we do not now have.

It also brings into question why the Congress would ever consider any change in the appropriations structure. I guess first and foremost I would like to put that to rest, it will not be substantially different from the way the appropriation accounts are currently proposed, budgeted, and arrayed.

There should not be any perceived difference in terms of the control of any particular congressional committee through the authorization or the appropriations process. And if anything, the attempt we are trying to make in this approach is to make the cost truly visible, as opposed to trying to manually manipulate the data in order to make it more meaningful.

There are two primary reasons why we have been compelled, and I would hope the Congress would be similarly convinced, that there is reason for going to this approach. First and foremost is the visibility of the true cost of supporting operating forces. The second is the imposition of basic market principles, economic principles, in order to motivate cost concern and performance improvements at every level within the Department of Defense.

FINANCIAL MANAGEMENT

Let me briefly explore both of those incentives. The first one is, on the cost visibility side, primarily the attempt within the budget business, along with the Appropriations Committee of course, to try to crunch the numbers and make them meaningful for decisionmakers to understand what the import of decisions may be.

In my time that I served this committee, and even in my present capacity, I have had frustration at not having a system in place, a financial management system, that really does show the elements of expense involved in each decision.

Let me use one example, the overhaul of a ship. If you look in the "Operation and maintenance" account, there is a specific amount that tells you how much it costs to overhaul a vessel. That, however, is only the expense, the fractional expense for labor and materials, et cetera, associated with the cost of that particular ship overhaul. It has nothing to do with some of the overhead expenses.

In order to get a true meaning or a true representation of what the costs are, you have to go back and look at the "Military personnel" account and figure out how many folks are actually working at that shipyard that are associated with that overhaul. You have got to look in the procurement accounts to work through every single item that may be involved in a specific procurement for industrial equipment, for example, at the shipyard.

So you have got to manually manipulate every one of those numbers in order to get a true representation of what the cost of that specific overhaul is. What we are looking at today is the equivalent of about 60 to 70 percent, of the actual cost to overhaul a vessel, or a tank or an aircraft or whatever, when you look at the "Operation and maintenance" account.

As a result, we are making decisions based on very limited cost visibility. It is the equivalent of, if say, you had brought your car to be repaired and the dealer only charged you for the cost of labor and maybe a couple of the materials installed, none of the overhead. I mean, that would be a great deal for the customer, but the business would probably go out of the business within a very short period of time.

So that is part of our problem, you have to construct all the pieces that it takes to run an industrial activity, a supply depot, whatever, manually. It is not something that is readily available or visible to decisionmakers within the Department of Defense, or to the Congress for that matter. And as a consequence of that, we make very near-term, short-sighted decisions.

The business operations fund is designed to try to force a reconciliation of those costs in a total context, in order to make sure that those meaningful decisions are permitted.

The second feature, the principle that we are trying to advocate with this approach, is a market-based economic principle. It is, very simply, that if you provide an opportunity for customer-provider relationships, allow supply and demand to take over, in turn the cost consciousness will rise.

We manage so much of the Department's activity right now, in varying degrees, in terms of trying to centrally allocate or centrally designate what we believe are required for spare parts, for industrial plant equipment, et cetera, and as a consequence there is no direct relationship to the number of flying hours for the spare parts required, or to the amount it takes to, again, overhaul a ship at a shipyard and the industrial equipment required to do that.

As a consequence, I think again we find that on some of these other efforts within the procurement accounts, and other places, that inevitably what occurs is you make shortsighted decisions only related to a fraction of the cost involved. Instead, when we begin to look at trying to pull all those disparate pieces together and put some of the market forces in place, the judgments that have to be made get done at the level where they are actually performed, as opposed to having my office or anybody else within the military departments try to artificially manipulate those numbers and determine exactly what is best for the number of spares to buy, or whatever.

If you have a direct relationship between the total cost for every flying hour, every tank mile driven, every ship steaming hour involved, and you know what all the expenses are involved in it, that will give you a true representation of what it takes in order to perform in that regard.

It is also designed to maximize the basic supply and demand features so qualitative selections can be made on the part of the military departments. Let me go back to the ship overhaul example one more time. As it stands right now, if you look at the ship overhaul costs in the "Operation and maintenance" accounts, only a fraction of the visibility is really there, because it does not include all the procurement pieces, the military personnel, all the other factors it takes to run that shipyard efficiently and increase the productivity.

As a consequence, the kind of qualitative decisions being made now by the Navy, for example, would be to opt for an additional alteration to a vessel instead of procuring that new productivity-enhancing asset for the shipyard to lower its costs. There is not that kind of tradeoff currently going on.

This particular process would show all of those costs, to make them apparent to the consumer, to the customer, and as a consequence they would be able to make the conscious tradeoff between whether it is appropriate to look at improving the productivity of that particular industrial facility versus adding that new alteration to the ship. They will have that qualitative tradeoff at their disposal, whereas they do not at this time.

The business operations fund itself is an attempt to implement basic business concepts. It is one of the three most important features to implement the financial management improvements that are envisioned under the defense management report. Second is the corporate information management process, which is to evolve to a standard accounting system to simplify the process and to capture cost data in a timely and accurate manner.

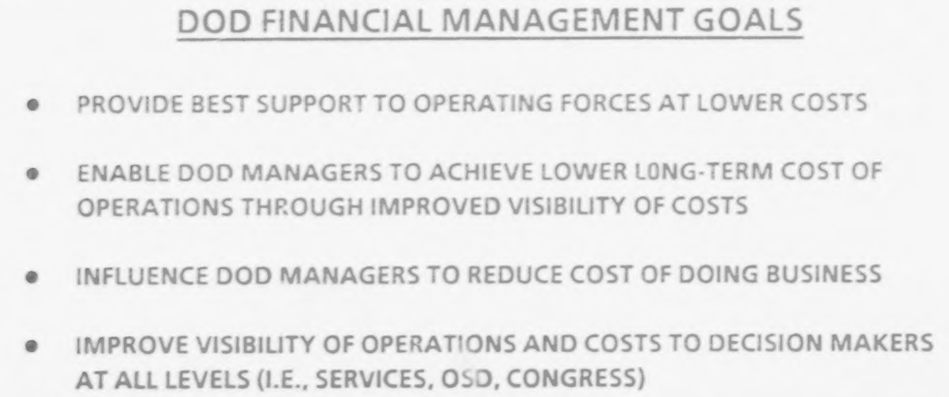
As it stands right now, one of the basic functional things we do in the Department of Defense is civilian pay. We have created over the course of several years a variety of different ways to perform that common function. We have 27 different ways to pay civilians. There is nothing particularly unique about the OPM regulations on how you do that. Yet we seem to find a variety of different ways to do it.

Part of the process in the corporate information management effort is to standardize into a basic approach, to simplify that process, and to implement that approach.

The Defense Finance and Accounting Service is the final feature that is integral to these three. The Finance and Accounting Service is an organization that pulls together all the accounting centers of the Department of Defense in order to standardize all accounting procedures across the Department.

So the three of these things fall into place in the context of trying to provide market forces, at the lowest level, for decisionmaking to be made at that point, through the business operations fund; the corporate information management effort in order to standardize and simplify the accounting system itself; and then the Defense Finance and Accounting Service, which has been set up as of January of this year, and is designed to implement those standards across the Department. All three interrelate.

If I could, Mr. Chairman, I would like to flip through just a couple of charts to give you some of the basic features of the business operations fund itself.



DOD FINANCIAL MANAGEMENT GOALS

- PROVIDE BEST SUPPORT TO OPERATING FORCES AT LOWER COSTS
- ENABLE DOD MANAGERS TO ACHIEVE LOWER LONG-TERM COST OF OPERATIONS THROUGH IMPROVED VISIBILITY OF COSTS
- INFLUENCE DOD MANAGERS TO REDUCE COST OF DOING BUSINESS
- IMPROVE VISIBILITY OF OPERATIONS AND COSTS TO DECISION MAKERS AT ALL LEVELS (I.E., SERVICES, OSD, CONGRESS)

First and foremost, though, what we have to start with are some basic management principles of what we are after here. First, the attempt is to provide the best support to the operating forces at the lowest costs we can attain. With the force structure dropping as precipitously as we are currently forecasting, there ought to be a commensurate change in the support costs as well.

But unfortunately, the way the process works at this stage is that we salami-slice percentages across the support functions, rather than trying to figure out exactly how you can motivate a reduction in cost. This approach in the business operations fund puts those market decisions at the level of the fleet or the division or the squadron, as opposed to having a very direct kind of percentage across-the-board cut made, and as a result they have to make those tradeoffs at that level as opposed to elsewhere.

It enables the Department's managers to look at longer term cost of operations through the improved visibility of costs. As it stands right now, if we told the fleet exactly what the total cost is to overhaul that ship that I keep using as a notional example, they would find that to be academically curious and it would be an interesting point, but it has no motivator in terms of how decisions are made because that is not what they actually have to budget or account for.

It is more of an array of information as opposed to an actual motivation to make changes as a result of those market forces. And it influences Department managers to reduce costs of doing business by making sure that they have the accountability for the funds at that level.

Last, and maybe most importantly, is it improves visibility of operations and of costs to decisionmakers at all levels, within the Congress, the Department, each of the military departments, the fleets, the divisions and the squadrons.

The more we can devise a financial system that really does show the true cost of doing business, I think the more intelligent decisions we are going to have available. One of Secretary Atwood's favorite comments is that the possibility of making bad decisions when you have all the information at your disposal is always present, but the possibility of making a good decision when you have nothing but bad information is an absolute impossibility; there is no way that you can attain it.

WHAT IS DBOF

- EXPANSION OF EXISTING REVOLVING FUNDS
- ESTABLISHMENT OF SUPPLIER-CUSTOMER RELATIONSHIP IN LARGER POPULATION
- MANAGEMENT STRUCTURE FOR OPERATION OF SUPPORT ESTABLISHMENT ON "BUSINESS" BASIS
    - COST ACCOUNTING
    - CUSTOMER DRIVEN REQUIREMENTS
- FRAMEWORK FOR REDUCING COST OF GOVERNMENT OPERATIONS
- INTRODUCTION OF CAPITAL BUDGETING PRINCIPLES

The intent behind the defense business operations fund is first and foremost an expansion of the existing revolving funds. This is not a new concept. The revolving funds, the fiduciary accounts of the Department, have been in place since the early 1950's.

It is a basic system that works on a reimbursable basis, a system which provides for a service rendered and a payment made based on that particular service provided. It expands that particular concept, though, to the point where we are trying to motivate more of a supplier-customer economic principle basis, using market-based economic principles in order to motivate those decisions being made at that level. The management structure for the operations support establishment is on a business basis. As opposed to looking at, as we do now, everything by military department, the approach is to look at functionally across the Department of Defense: What does it take to provide for supply? One of the basic reasons we end up with excess inventory is, along with all the things the General Accounting Office keeps reminding us of our failings on, is simply because we look at things uniquely by military department as opposed to looking at it by function.

That is part of the attempt here, to look at the functional categories and the business areas, as opposed to any other artificial distinctions.

It also forces cost accounting principles, again standardization to simplify cost accounting principles, and to have customer-driven requirements. There has got to be a clearly identified demand as to why we are performing some service within the support establishment of the Department, and this mechanism of the business operations fund takes off on the very principles of the revolving funds themselves and tries to identify that demand and supply kind of relationship.

Note the line on the chart that says, "Framework for reducing cost of Government operations," I guess the best description there is the mind set that is so heavily publicized about how the Department conducts itself, it is the equivalent of the fourth quarter spending syndrome: Let us get everything under obligation by the end of the fourth quarter because, we will not get as much next year unless we have demonstrated that we have obligated it all.

This removes all those incentives, because the amounts that are required to overhaul the ship are specifically provided, obligated, at the time that the ship is in the yard, as opposed to trying to rush to judgment and get money under obligation quickly just to justify the fact that you have used it.

So part of the objective in this approach is to try to find a way to remove the incentive to rush out and get everything under contract by the end of the year.

Finally, the introduction of capital budgeting principles. That is again a frequent criticism we receive from the General Accounting Office, from elements within the congressional leadership, that we are really not looking at capital versus expense budgets. As a consequence, what we are trying to build in here is the cost of all the activity that is involved in supply, industrial functions, and so forth, to include all the procurement costs involved.

BENEFITS OF ESTABLISHING THE DBOF

- ALL FUNDS IN A SINGLE ACCOUNT
- ACCOUNTING WORKLOAD REDUCED BECAUSE ALL BUSINESS AREAS IN SAME ACCOUNT
  - RECORDS INTRA-FUND TRANSACTIONS RATHER THAN BILLING PROCEDURES
- TOTAL COST OF OPERATIONS ARE REFLECTED THROUGH OPERATING AND CAPITAL BUDGETS
- PROVIDES OPERATING FORCES VISIBILITY OF COSTS ASSOCIATED WITH REQUIREMENTS
  - PROVIDES TOOLS TO FOCUS MANAGEMENT ATTENTION ON COST

One of the benefits is the establishment of a single fund. Basically what we are doing is pulling together all the existing revolving funds. There is nothing particularly new in that set. We are not establishing any new funds. It is more a case of pulling together the financial instruments of the Department, not creating new appropriations, none of that. It is more a case of just using the existing stock and industrial funds we have now in a more meaningful manner.

The accounting workload we are anticipating ought to improve a little bit, by virtue of the fact that once you remove those artificialities between each of the disparate funds we have, you can have a transaction-based accounting system instead of this constant paper load that occurs right now.

So as a result, I think this is one improvement that the General Accounting Office has identified as being one of the more significant pieces.

The total cost of operations being reflected through operating and capital budgets basically means that when looking at the appropriation accounts that you review annually, the amounts will be contained in the "Operation and maintenance" account. It will show you the true cost of what it takes to overhaul that vessel. It will be identified as such, and the elements of expense will be laid out.

The visibility should not change. As a matter of fact, if anything it ought to improve dramatically, because then you could see exactly what the costs are involved to truly perform that particular effort, as opposed to trying to dig out all those pieces that are stuck in a variety of different appropriation accounts throughout the Department's budget request.

It provides the operating forces the visibility of costs associated with the requirements. The fleet, the divisions, the air wings, can now see through this particular process, at that level, precisely what it takes to provide for their particular support requirements, and it provides the tools for management to focus its attention on cost itself.

DBOF CAPITAL BUDGET

- INCLUDING CAPITAL COST IN DBOF WILL HIGHLIGHT PROJECTS AND DIRECTLY LINK INVESTMENTS TO PRODUCTIVITY IMPROVEMENTS
  - ENSURE ITEMS PURCHASED ARE RELEVANT TO AN ACTIVITY'S MISSION
  - PRIORITIZE AMONG PRODUCTIVITY ENHANCING CAPITAL
- IMPROVED GUIDANCE ON DOCUMENTATION WILL BE PROVIDED IN FOURTH QUARTER, 1991
  - POST-INVESTMENT ANALYSIS REQUIRED TO VERIFY SAVINGS AND IMPROVED PRODUCTIVITY
  - REFINED METHODS FOR CALCULATING DEPRECIATION EXPENSE

The capital budget feature may be one of the more controversial pieces of this and it is the one that I think maybe needs more explanation. Including capital budgeting in the business operations fund will highlight the projects involved.

As it stands right now, again—my Navy friends are going to be a bit despondent over the fact I am continuing to use an overhaul example, but if you look at the means by which industrial plant equipment is currently programmed and budgeted, it is a line item entry buried in what is referred to as the "Other procurement, Navy" account. It is at the bottom of the line. It does not compete favorably with all the other priorities that seem to take over during the usual budget drills throughout the Department, as well as within each of the military departments and in Congress.

As a consequence, it becomes an asset that is deferable. It is something you can look at later.

The approach of capital budgeting forces the shipyard commander in this case to justify the reason why he would want to invest in something that will reduce costs and make it part of the expense that he actually will be incurring as a cost of operating or overhauling that particular ship, rather than having it pushed off to the side and then attempt to compete with a bunch of things that are of other priorities throughout the military departments that bear no relationship to that same association.

It ensures that each of the capital budget items are relevant to an activity's mission. Right now within the "Other procurement" account, if you look at the detail there, it is a devil of a time trying to figure out precisely where all that industrial plant equipment is going to go. It is up to the discretion of various managers throughout the Department. You look at every layer within the bureaucracy, and if it ever arrives at its destination in the manner in which it was originally proposed, it is almost a miracle.

Whereas the approach under this procedure would be that the shipyard commander, once having justified the requirement for that productivity-saving equipment, will in turn then be guaranteed that it will be reflected in his cost of doing business. To the extent that cost rises, he has then got to make a decision to either defer effort on his own, in terms of various investment programs, or he has got to find a way to reduce his cost at that location, as opposed to having a decision made at a variety of levels up and down the chain.

This will make the manager prioritize among the productivity-enhancing capital. It is a great improvement over the system at this time, which tries to establish a Department priority for what is the most useful productivity assets that you can find and budget for. Instead what occurs now is, at the end of the day, after all the reductions have been made, the capital gets parceled out in not necessarily the same kind of priority that was intended.

The new approach instead provides a direct linkage between where that asset is going to go and a justification on that basis.

To the concern that has been raised by the General Accounting Office and others that we have got to improve accountability within the capital budget framework, what we are preparing right now, and it should be completed in a matter of a couple of months, is all the documentation required for a postinvestment analysis in order to figure out exactly, did it save the amount of money we anticipated when we invested in that particular asset.

All the other requirements that are laid out within the General Accounting Office concerns I think will be met, and as a consequence of this particular approach we ought to be able to justify better in the years to come the return on investment that we make on various efforts.

The other part that seems to be disconcerting is the refining or exactly describing what the depreciation expense is going to be on an asset that you consider to be useable for a period of time, and calculating exactly at what rate does the asset become less and less valuable.

We have worked with the General Accounting Office to improve that. I think we have a process that we will be able to work with them to put in place by the time we start up in October 1991.

IMPACT OF DBOF IN FY 1992

NAME CHANGE: ALL EXISTING REVOLVING FUNDS WILL BE INCLUDED WITHIN THE DEFENSE BUSINESS OPERATIONS FUND

STRUCTURE CHANGE: ESTABLISHES A SINGLE FUND WITH DIVISIONS BY SERVICE AND BY BUSINESS AREA

NEW ADDITIONS TO DBOF: DEFENSE TECHNICAL INFORMATION CENTER, DEFENSE INDUSTRIAL PLANT EQUIPMENT CENTER, DEFENSE REUTILIZATION AND MARKETING SERVICE, DEFENSE FINANCE AND ACCOUNTING SERVICE, AND DEFENSE COMMISSARY AGENCY

OPERATIONAL CHANGE: INCLUDES CAPITAL BUDGETING

MANAGEMENT CHANGE: INCREASED FOCUS ON COST OF OPERATING A BUSINESS AREA

The impact in 1992 is by any term very modest by comparison to what we may be looking at over time. And again, I should reiterate up front that we have no intention of moving beyond this point without the full concurrence, understanding, and endorsement by the Congress.

This approach for 1992 is very simply a collapsing of the existing revolving funds we have within the Department of Defense. It establishes a single fund, but it will retain all the divisions that currently are in place. The Army, the Navy, the Air Force stock and industrial funds will retain their identity and be subdivisions of this larger approach.

So there is nothing particularly new being introduced here. It is all the existing fiduciary mechanisms.

For the new additions to DBOF, the standard we tried to use for fiscal year 1992 was any function that was on a reimbursable basis to begin with. So these are reimbursable functions.

The Defense Technical Information Center, et cetera, have functions that are on a reimbursable basis now. So as a consequence, they would not change significantly through this particular approach.

The Defense Commissary Agency is not quite like the rest, in that the amount of the direct appropriations to operate the Department's commissaries throughout the world continues as a direct appropriation line. The only difference is the management of the Defense Commissary Agency has requested to be part of DBOF so they can see the real costs involved in running their operations.

Under this approach, the direct appropriations matter would not change in terms of subsidizing the operations of the commissaries.

The operational change of significance is the capital budgeting feature. Parts of the "Procurement" account will be included in the "Operation and maintenance" account. It is that basic. We are talking on the order of about $700 million in procurement and about $400 million in military construction that will be moved from those two accounts into the "Operation and maintenance" account, but still visible and identified.

The management change that occurs is the increased focus on the operations of a business area itself. Again, it draws on the basic principles we have had in place since the early 1950's.

IMPACT OF DBOF IN FUTURE YEARS

NEW BUSINESS AREAS: AS APPROPRIATE, OTHER BUSINESS FUNCTIONS WILL BE INCLUDED IN THE DBOF

CRITERIA FOR INCLUSION:

- OUTPUTS OF BUSINESS HAVE BEEN IDENTIFIED
- COST ACCOUNTING SYSTEM IN PLACE THAT RELATES COST TO OUTPUTS
- CUSTOMERS HAVE BEEN IDENTIFIED

In terms of the impact for future years, where are we heading with this? There are three criteria which are pretty rigid for inclusion within this particular approach: There has got to be an output identified, there has got to be a product that is provided. In other words, we are really talking about the support establishment of the Department of Defense, the supply activities, the depot maintenance, those kind of things.

We are not talking about operating units. We are not looking at anything that extends beyond the basic overhead functions or support functions of the Department of Defense.

The second factor is it has got to have a cost accounting system in place that shows the relationship between the cost and the output that is supposed to be achieved.

Finally, there has got to be a customer identified. There has got to be somebody who is demanding that a service be performed.

Those three rigid criteria are the simplest means we could devise to determine other business functions for inclusion in the DBOF.

DEFENSE BUSINESS OPERATIONS FUND

TOTAL BY BUSINESS AREA

($ Millions)

	FY 1992	FY 1993	A	N	AF	DA
Supply Operations	40,538	38,101	X	X	X	X
Depot Maintenance	13,779	13,370	X	X	X	
Base Support	1,367	1,448		X	X	
Transportation	5,249	5,267	X	X	X	
Research and Development	4,797	4,789		X		
Reutilization and Marketing	329	321				X
Industrial Plant Equip. Services	61	62	X			X
Printing and Publications	666	654		X		
Contract Audit	---	378				X
Contract Management	---	1,276				X
Technical Information Services	45	46				X
Financial Operations	773	790				X
Information Services	1,540	1,588		X		X
Commissary Operations	7,452	7,653				X
Total	76,596	75,743				

These are the functional areas that are covered in the approach that we have launched for 1992. They are again the same as the ones that exist within the current stock and industrial funds throughout the Department of Defense and make up 95 percent of DBOF. About 5 percent is the inclusion of the Defense Commissary Agency. But by and large, it is exactly the same revolving fund approach.

In conclusion, Mr. Chairman, let me express a couple of points. I am aware that there have been reservations expressed by the General Accounting Office and by the House Armed Services Committee. In general, those concerns start off with an endorsement of the concept.

The General Accounting Office, I believe, feels that this is the approach or a method to resolve some of the concerns they have raised with regard to financial statements, and looking at some of the requirements under the law just enacted by Congress this past fall, that this is a method which will make the data more meaningful in making those kinds of decisions.

Having said that, they think we may be going a little bit too fast. I am not quite sure how much slower we could go, though. What we have basically done here is pulled together all of the existing revolving funds. There is not any limitation, I think, on that.

Basically, we would be operating the funds the same way we have in the past, but with the objective of implementing the accounting standards and principles on a simplified basis. Again, we have got to pull all those pieces together, but it is much easier to implement those standards and simplify that process with an account that you can look at.

The Comptroller General continues to believe that the financial systems of the Department are in shambles. I disagree with him on several of those points that lead him to that conclusion, but there is one that I think we are in absolute agreement, and that is that we do not have a true cost visibility today.

We are looking at fractionalized pieces within the current budget structure that we have, and as a consequence we are making decisions on the basis of just parts of the data and information. On that point, I think he is absolutely right.

So in short, I think the business operations fund is driven by those two principles, the first of which is the economic principle itself, and the other side of it is to look at cost accountability and visibility throughout the Department.

It is a modest step in that direction. Again, we have no intent of expanding it beyond what I have just discussed here without each and every incremental stage of it being approved as part of the budget request year after year.

In summary, sir, Mr. Bob McCormack, the Assistant Secretary for Financial Management for the Navy, is here, as well as Mike Donnelly, the Assistant Secretary for the Air Force for Financial Management, and Jim McCall, the Comptroller of the Army, to deal with specific service questions that may be applicable in this case. But I stand ready for your questions, and I appreciate your indulgence, sir.

Thank you.

[The statement follows:]

STATEMENT OF SEAN O'KEEFE

Mr. Chairman and members of the Committee, I appreciate this opportunity to appear before you today and to address the Department's proposal to establish the Defense Business Operations Fund, or DBOF, as it has come to be known. My objective is to lay the groundwork for understanding the Defense Business Operations Fund concept.

In order to realize efficiencies and improve the quality of support provided by Defense industrial facilities to the operating forces, the fiscal year 1992/1993 budget proposes the establishment of the Defense Business Operations Fund (DBOF). DBOF is primarily an expansion of the current revolving fund concept to a larger number of Defense support activities. The Services and Agencies which oversee DBOF activities will continue to have all management responsibilities. Since the DBOF will operate under many of the policies and procedures currently in place for revolving funds, no major technical changes will result from this proposal.

Commencing in fiscal year 1992, the DBOF incorporates the activities previously funded in the stock and industrial revolving funds. These operations include: depot maintenance, supply operations, transportation, Air Force laundry and dry cleaning, DLA clothing factory, and the Navy's public works, research and development, printing and publication, and data processing operations. In addition, the Defense Finance and Accounting Service (DFAS), the Defense Commissary Agency (DeCA) and three Defense Logistics Agency (DLA) functions (the Defense Technical Information Center (DTIC), the Defense Reutilization and Marketing Service (DAMS), and the Defense Industrial Plant Equipment Center (DIPEC)) are included in the DBOF.

The criteria for inclusion in the Fund are identifiable outputs or products, a cost accounting system in place, and identification of the customers for the products. Examination of the various business areas is being accomplished by study groups comprised of representatives of the affected components, OSD functional offices, and my office. We will examine all support activities over the next few years to determine if the criteria is met for expansion.

The majority of the procedures necessary to implement DBOF will be based on those developed during the last 40 years for the industrial funds. The originator of support requirements, the operating forces, will identify the amount of support necessary to meet assigned mission responsibilities. The operating forces Operation and Maintenance budget will include the funding necessary to fund this support from available suppliers, including Defense industrial activities. By this procedure, we're trying to frame a financial system which reveals the true cost of operating the fleet, airwings and divisions.

The Defense industrial activities will establish prices to cover approved costs, based on the identified workload. Budgets for the industrial activities will identify expected workload, customers and costs. In order to ensure that programs are executed as planned and budgeted, these prices will remain fixed for the year of execution.

The costs of support activities in the DBOF will be monitored through the collection of cost per output data using in place business-type accounting systems. The cost goals established for support activities in the DBOF will include the total cost of their operations. Operating in a revolving fund will provide managers of business areas in the DBOF greater flexibility to make tradeoffs between elements of expense.

The one significant change, and an essential ingredient to capturing the total costs of operating a business area and including true costs in prices charged to customers, is the introduction of capital budget principles. The approved costs for each DBOF activity will include capital requirements for equipment and construction. Congressional oversight and control of construction projects remain essentially unchanged from fiscal year 1991 and prior years. Funding for the major construction projects included in the DBOF capital budget continues to require specific approval in the Military Construction Authorization and Appropriation Acts before work can begin.

Capital budgeting provides a significantly improved linkage between our investment programs and the operations that the investment is intended to benefit. Capital budgeting will provide visibility of the true cost of an operation, allowing both the customer and review organizations to make more informed decisions. Capital budgeting requires benefits to be identified prior to obtaining project funding and ensures that the Department and the Congress will have the visibility to determine if, in fact, the benefits have been realized.

Congressional oversight and control of the Defense support establishment will be enhanced under the DBOF because Congress will receive better information about the nature and cost of DOD commercial-type activities. This will be accomplished by preparing financial statements in the same manner as a commercial endeavor. The statements will provide a picture of both operations and investment costs that will inform Congress not only how much is being spent to perform support missions, but also how efficiently these missions are being performed. The financial statements are now required under the terms of the CFO Act enacted by Congress last year. The approach we're advocating with the Business Operations Fund concept will lend meaning to these financial statements for practical management and oversight applications.

There are a number of benefits associated with expanding the revolving fund concept to additional support activities. Currently, over 50 percent of operation and maintenance and military personnel costs are budgeted in support functions where funds are justified and requested separately from the operating forces. While cost models are sometimes used to estimate support costs for force level decisions, these allocations are not visible in the financial management system and are not used during execution of programs or in many budget decisions. Use of revolving fund management provides all levels of management with visibility of the true cost implications of management decisions. As additional support activities are transferred to the DBOF, the Department moves towards mission budgeting, better expressing support requirements in operational terms and costs.

Mr. Chairman, we could incorporate most of the procedural changes through the existing revolving fund structure. However, I believe that there are a number of significant benefits in collapsing the existing eight revolving funds into one. The most significant is the ability to reduce the tremendous volume of financial transactions between the various business areas, without affecting the visibility of costs or the structure of the amounts authorized and appropriated. Approximately $20 billion worth of business is among fund activities. Because all of the businesses are in the same fund, intra-fund information transactions can be utilized instead of the more expensive expenditure transactions. While this will not happen overnight, in the long run we expect to realize significant reductions in accounting workload because of this account consolidation.

An additional benefit of having the customers request appropriations to "buy" their support costs from the DBOF is that the operating forces will have better visibility of the true costs of their operations. As customers, they will be charged for the cost of industrial and commercial type services provided by Defense support activities. Similarly, our support activities will be motivated to improve services while reducing costs, in order to remain competitive under this economic market based concept.

The name change to Defense Business Operations Fund is an added signal to DOD managers that the Department takes seriously the stated commitment to improve the performance and lower the costs of the support establishment through managing in business terms. The increased attention to cost of operations which is a natural outcome of the DBOF will refocus managers to think in business terms and will improve managers' incentives to reduce costs.

It is important to remember that, under the DBOF concept, support activities will be funded based on validated requirements to meet projected customer demands. This emphasis will reverse the current mind-set among many managers to spend every dollar available to them this year for fear that less than full use will result in lower budgets for following years. It establishes a view that greater efficiency and smaller budgets should be a matter of pride on the part of support managers. In addition, managers will have increased accountability for their decisions as the total cost of their actions will be visible during program execution.

In summary, the Department has met the challenge of changing world conditions and sharply reduced available funding by pursuing all available management actions. The Defense Business Operations Fund is a major linchpin in this effort because it provides the financial structure that allows impact of these management changes to be fully evaluated.

Mr. Chairman and members of the Committee, thank you for the opportunity to discuss this very important financial management concept.

PROFIT MOTIVATION

Senator INOUYE. May I at the outset commend you and your Department for taking this extraordinary initiative, because we all agree that a dollar saved can either be used for other much-needed purposes or that would be that much less that taxpayers would have to pay.

But having said that, I would like to make the following observation. I believe every one of us, every Senator, every Congressman, every President I am aware of, every Secretary of Defense, every Comptroller, at one time or another have given speeches saying the Defense Department should be operated like a business, and this has been part of your thrust today. In fact, not too long ago we were giving speeches: If we ran our Government and our Defense Department like a business, we will not be buying $700 toilet seats.

It sounds good and I think the people of the United States respond to that, and I notice that the Department has responded to that by using the word "business": business operations fund.

So with that in mind, I am going to ask a few questions for clarification. In a business there is a profit motive and I find it very difficult to find a profit motive in this operation. Second, in a business we respond to market pressure and market forces, supply and demand, and usually the price or the rate we charge the customer responds to that, but in this case the price that we will be charging the customer is to be set in the budget a year or a year and a half ahead of time.

Then on top of all of this, you have your stockholders, that is the Congress of the United States representing the people of the United States. Instead of just having an annual stockholders meeting, they are having a meeting almost every day and telling you what to do. The laws; we have regulations that tie your hands on who to hire and who to fire.

Notwithstanding all of this, believe me, and I know I speak for this committee, we want you to succeed desperately, because we know what we are facing at this time. But we note that the House had said, "No," and there are just 4 months before the fiscal year begins. We would like to sit with you to figure out how to carry this out.

How does this revolving fund really promote efficient operations without the forces that I spoke of?

Mr. O'KEEFE. I guess the comparable——

Senator INOUYE. Because we have had revolving funds, as you know.

Mr. O'KEEFE. Sure. The comparable incentive to the profit motivation that exists within a private company is the unique opportunity we have got in this period, where we are coming down in the overall budget as a consequence of the summit agreement struck a year ago that will produce a force structure that is on the order of 25 to 30 percent lower than what existed at the high watermark of the Reagan years.

As a consequence, the military departments and the Department of Defense in general have a motivation to determine that for every system that we can emplace that motivates cost consciousness, an awareness of what it really takes to provide for the support activities of the Department, that, in turn, there is a fighting chance of reducing that side of the equation every bit as much as we may have to on the operating forces side.

The only alternative is that if we fail at that endeavor, the force structure is then, in turn, threatened with further reductions, and there is no question that the Secretary and the Chairman of the Joint Chiefs have said that there is absolutely no way that is possible, to reduce the force structure any more than we already have.

So we have got to attain those kind of reductions and force a change in mind set or a change in the disposition, we have to think in terms of what it is going to take.

The other side of it I think is that this committee has been at the forefront of trying to motivate competitive pressures—for example, with the ship overhaul business—to require that there be competition between public and private shipyards, rather than assignment or allocation of work among a variety of different locations.

That particular example has been extended to a variety of other industrial functions and it has worked pretty well. It has been in place now for the past 8 or 9 years as far as the ship overhaul side of it is concerned, and the commanders of those shipyards have responded in a manner, without even having that profit motivation present, to be sure that they are on an equal footing with what they perceive to be the competitive pressures of private sector concerns.

So I think there is enough incentive out there, even without a profit motivation, as well as just management pride. I think there is not an awful lot of interest on the part of any industrial manager or support activity manager in being the most expensive guy in town. They are trying to find ways to reduce cost as well, and this particular method makes sure that is highlighted.

OVERSIGHT RESPONSIBILITY

Senator INOUYE. One of the major concerns of Congress I think is rather obvious. At the present time we in the Congress review and fund just about every operation in your portfolio. We have this oversight responsibility. I would think that most Members of Congress listening to you or reading your testimony might suddenly feel that this oversight authority is going to be taken away.

How can you assure us that this oversight responsibility or power will not be diminished?

Mr. O'KEEFE. Very simply, sir. There will be no change in the way that we go about budgeting throughout the Department, other than to demonstrate those costs in total as part of the "Operation and maintenance" account. As a result, each function that is performed within that area that uses any support establishment kind of activity—an overhaul of a ship, supply depots, whatever—the total cost will be captured in that account, as opposed to disparately flung throughout the budget, where you have got to manually go back and pull every piece out.

If anything, it should improve the oversight by Congress, as well as our own oversight within the Department of Defense, because those costs are readily captured, as opposed to having to be pulled together from all these different pieces that exist across the Department.

I think there is a stronger guarantee that the oversight is crisply defined, the numbers are more meaningful, and the cost visibility is more crisply stated.

Senator INOUYE. How would Congress involve itself in carrying out its intent and saying, we do not like this project?

Mr. O'KEEFE. I am sorry, sir. I do not understand the question.

Senator INOUYE. Let us say that you come forth and, like a business—in a business you can decide as the chief executive, we are going to close up this plant in Dearborn, we are going to close up this plant in Kentucky, and the other one in Louisiana, and the stockholders do not say a word about this. At the annual meeting they may approve it because you have made some profit or fire you because as a result you have lost some money.

Now, up until now if you came up and you said, I am going to close that base, I am going to close this base, you have the reaction that you are getting from Congress at this moment: Everyone rises up and raises hell. Will the Congress be able to do the same thing as we are doing now?

Mr. O'KEEFE. Yes, sir; absolutely. That would not change a bit. I think the only distinction here is that you would have a better understanding of what the cost to operate that particular location would be by looking at the exact expense to perform that particular task—the tank overhaul, a unit of supply that is requisitioned, whatever.

So if anything, we would not get into the usual difference of opinion, if you will, between the administration, the General Accounting Office, et cetera, about what the costs really are. It would be there to see exactly what the cost of the output is. So it would make those decisions more permissible and it would eliminate the issue of how do you count the data.

Senator INOUYE. A little detail that is not little to most Members of Congress. Under your scheme, we will know the cost of overhauling ship A. Let us say it is done in Charleston. An important member of this committee represents Charleston. Would he know how many shipyard workers there would be in Charleston?

Mr. O'KEEFE. Yes, sir; absolutely. It would be a piece of the budget justification material, as it is now, that defines how many civilians work in the Department of Defense by what categorization, GS or wage grade or whatever else. You could readily define what the number of employees at that particular shipyard would be by a lot of the backup material that goes with this particular concept.

MILITARY CONSTRUCTION

Senator INOUYE. There will be no change in military construction, either?

Mr. O'KEEFE. Military construction, the only distinction there, the only difference that has been introduced here, is that the cost to build a warehouse at a supply depot, for example, is now included as part of the operating expense, the "Operation and maintenance" account. What is over in the military construction appropriation request, though, is the requirement that the Congress authorize and appropriate for that particular function, that particular construction, at that location, before they can include it as part of that operation and maintenance cost.

So that there is a check and a balance process still built into it, so that the visibility is still in the Military Construction appropriation account, but the actual amount it takes to fund the activity is shown as part of the cost of the operation. The same authorization process is required as it is today.

Senator INOUYE. Will you be having regular independent audits of DBOF?

Mr. O'KEEFE. Under the terms of the Chief Financial Officer Act enacted by Congress this past October, as a matter of fact, I have to begin audits of the stock and industrial funds for this year already. That particular requirement, by my view, would extend logically to this particular fund, and so we would expect that there would be an annual audit each year on this particular program, which is not currently a requirement in place.

Senator INOUYE. Although I doubt that too many of us, if any, would be able to read and understand these audits, will these audits be made available to our staffs?

Mr. O'KEEFE. Absolutely.

Senator INOUYE. Coming back to military construction, if the Congress should decide to disallow funding a certain construction project, there will be no resistance on your part, would there?

Mr. O'KEEFE. It is not a question of resistance, sir. I think it would be unfortunate if that is not there, because it would give you less than the total picture of what it takes to run a part of the support establishment for each output that is measured.

As a consequence, we would have still less than the full picture of what it takes. We would be making decisions about construction projects at support establishments based on a criteria that is not necessarily related to productivity. That is not an impediment. It certainly is not a show-stopper, but at the same time I think we would endeavor in the years to come to try to persuade that this is a more appropriate approach.

I think that the concerns can be met as to the visibility, the oversight in the "Military construction" account. And again, I think the primary feature is that it has got to be approved in the Military Construction appropriations bill before it can be obligated as part of the "Operations" account.

If we can really explore that a little more in the years to come, that may be an improvement. As far as this year's concern, I would hardly call that a show-stopper. But I think it does erode the ability to pull together the total cost of doing business.

Senator INOUYE. I think your major hurdle is obvious, and that is to try to explain this program to Members of Congress. Very few, if any, of us are CPA's, and oftentimes when people cannot understand a proposal they generally vote against it. They do not want to take a chance.

I want very much to give you an opportunity to press forward with this, because I am convinced that this may be better than just sitting around doing nothing about it. I would hope that you will keep your doors wide open to our staffs, so that we can sit down and figure out some way to explain this proposal in simple language to the people who sit on this panel here.

Mr. O'KEEFE. Yes, sir.

Senator INOUYE. I have many questions, but admittedly most of them were prepared by my staff in very technical language and so I do not want to read them. It will just make me sound that much more stupid. So I will submit them to you and get your response, if I may.

May I now call upon the vice chairman of the committee. He is a CPA, I think.

Mr. O'KEEFE. He has forced me to be one.

Senator STEVENS. Mr. Chairman, it is nice to see our friend back here, and it is an initiative that is very worthy of total exploration and I hope implementation.

Let me go into a little history. When you sat here beside me and I was the chairman of this subcommittee, I remember at one time we found a warehouse full of light bars for the military police cars. Someone had come up with the great idea that you could convert a regular sedan into a police car very easily just by tying a light bar across the top and plugging it in, and you had all of the necessary symbols of authority to make a regular car into a military police car.

The only trouble was that the cost went down with the number that they acquired, so they bought a whole building full. And I remember my feeling when I heard about that.

Now, tell me how this defense business operations fund would give us oversight within the Department to prevent acquisitions on excessive need based upon some faulty concept that the more you buy the less it costs? It sounds like my wife in some ways, you understand, so it is a very delicate question.

Mr. O'KEEFE. With that caveat, sir, it is all the more daunting. The basic approach, I think, that you were pointing to, is a traditional problem that we have in the way we try to manage this kind of issue. Inevitably, we spend our time trying to document precisely how the horses got out of the barn and we run around and try to determine how we can prevent these kind of problems from happening again, and we put in procedures and guidelines and all of that.

The change in basic mind set that will overtake that and do what regulations, what legislation, cannot do is to make those particular cost tradeoffs visible to managers at that level, and that there is really going to be an expense involved in making those kind of decisions.

In the end, if there is a shipyard commander—and again, my Navy friends are going to be jumping after this one is over because of the constant use of examples from the U.S. Navy. But I think the shipyard commander, to the extent that he goes out and invests in a huge portfolio to try to just clean up his shipyard and make it brand spanking new, needs to understand it means his rate is going to go up.

The cost that he charges to overhaul a ship is going to be astronomical, which means, by and large, folks are not going to be terribly interested in wanting to pull their ship in to be overhauled. So the market forces will be in place to make sure those kind of frivolous patterns are kept to a minimum, I hope.

INVENTORY CONTROL

Senator STEVENS. I do not understand how inventory control is tied into the business operations fund. Let me tell you about another trip we took, and that is when we walked into the division in Korea and looked at the new computer-controlled system for supply and we found the sergeant punching away on a typewriter, making up the old form. And he said: "Well, as a matter of fact this is more accurate than that one, because we did not get all the parts we needed to operate that one."

I am talking about the computer-operated system. Do you remember that?

Mr. O'KEEFE. Yes, sir.

Senator STEVENS. How do you tie inventory control into your business operations fund so that we can be sure not only that there is cost control, but there is the control over the acquisition of the materials that are actually needed to bring about the savings?

Is there a connection between inventory control and operations funds?

Mr. O'KEEFE. Yes, sir; I think there will be, because of the incentives. What it will be based on is, rather than having somebody project what they think demand is for spare parts for aircraft, which is the basic method we have used for so long to try to develop spare parts budgets, putting an amount in there based on an extrapolation of how many flying hours there will be and what you think the consumption patterns will be, instead this process will be driven on the basis of demand, a wing saying, "I have got to have that spare part, I need it now, and I am prepared to pay for it in order to get it here on this kind of a timely schedule."

As a consequence, the inventory will be directly linked to that demand basis more so than it had been in the past. I think that is an important kind of an association to make.

For example, one of the initiatives this committee was in the forefront of pushing through, in the early 1980's we shifted to a principle within the Department for repairable spare parts. The basic approach had been they were centrally budgeted, centrally managed, and issued on that basis.

The fleets, the divisions, the air wings had no notion of what they cost, and as a consequence ordered lots of them. They said, "If I need 3, I will order 10." Once you change the process to say you have got to pay the cost of that spare part, and if you bring in the old one and I repair it, it is going to be cheaper than buying a new one, suddenly the demand dropped, by 20 percent.

That same concept is exactly the means by which we will see more of an inventory control process. It is based on demand where the guy who is actually using that particular process is paying for it, understands what it costs in order to do so.

Senator STEVENS. But I still do not grasp the connection between the business operations fund and the inventory control. Is the Army still going to control its own inventory——

Mr. O'KEEFE. Yes, sir.

Senator STEVENS [continuing]. The Navy theirs, the Air Force theirs, the Marines theirs?

Mr. O'KEEFE. On the supply side, what we are evolving to at this point is to have the Defense Logistics Agency manage the actual physical plants and facilities for all inventories. That is a separate defense management report initiative which will improve the basic function of receipt, storage, and issue of spare parts or assets, whatever it is you are going to put in the supply activity.

So that, the actual management of how those warehouses are run and how much it takes for heat, light, and power and so forth, will be under the management control of the Defense Logistics Agency. Instead of having each of the military departments or the Defense Department in general dictate how much to buy, the approach under this concept, and it is already in place in many respects in each of the stock funds, will require that the demand basis generate exactly how much to buy, as opposed to trying to guess at what it is going to be.

CENTRAL SUPPLY

Senator STEVENS. Let me get at it this way. Are you familiar with what we did with GSA? The Department of Justice used to have its supply room and Interior had its and the Corps of Engineers had theirs, and now we have a GSA supply station wherever there is a multiple agency demand, and you can go in and get office supplies, whatever it is, and you are billed, your agency is billed for it.

Is that what you are running?

Mr. O'KEEFE. That is exactly what that is about.

Senator STEVENS. Who is running that central supply store? You are running that supply store for money, are you not?

Mr. O'KEEFE. Well, it is the way the current system is set up, too, within each of the military departments. The Army, Navy, and Air-Force are operating their own stock funds and running their own supply depots, they have the same principle in place now.

The approach in this case, as part of a separate supply initiative—and it is highlighted by the business operations fund concept that is endorsed here—is to treat the supply business on a functional basis, as opposed to unique to the Army, the Navy, the Air Force.

There may be some pieces that are uniquely required to be managed—nuclear components, that kind of stuff for the Navy, or some other very unique kind of demands that a military department will require for specific weapons systems. But for things that are common, that are generated on the basis of demand, whether it is an Army division or a Navy ship or an Air Force air wing, it requires that that inventory be controlled on the basis of the total demand of the Department.

As a consequence, I think the inventory level as it is right now is going to go down, because of the overall consolidation management approach.

But it is important to get the distinction that the actual keeper of the keys for the warehouse is not the organization that will be driving what it is you buy. It will be the individual divisions, the fleets, the air wings, et cetera, that dictate what will be bought.

MANAGEMENT CONTROL

Senator STEVENS. We are looking for control over who buys what. You are familiar with the GAO's review of the asset capitalization program, I am sure.

Mr. O'KEEFE. Yes, sir.

Senator STEVENS. The sum of $5 billion was in there and they tell us that some $830 million was spent on different industrial operations than that for which we appropriated the money. What controls do you have to assure that the fences we put around particular accounts will be observed if we are going to have a central fund?

Are you not really confusing O&M accounts and capital investment funds?

Mr. O'KEEFE. No, sir; what we are proposing for 1992 is a direct movement of the total budget authority required to buy industrial equipment into the "Operations" account. It is not a fraction of it or depreciated value or anything else.

So the identification the GAO is looking for would be included specifically within the appropriation account and identified exactly the way it is in fiscal year 1991. The only difference is it shows up as part of the operating cost in O&M. It is the same dollar amount in terms of the actual authorization.

In terms of the other questions they have raised on the Asset Capitalization Program, their biggest hit, and we concur, is that there really was not a postinvestment analysis or review to actually document that the savings or the projected amounts would be saved in the process of reducing the cost of doing business.

That is an absolutely valid point and it is one that is integral to the concept we are trying to put in place here. So we are trying to develop those procedures. We will have them in place by October 1 in order to do precisely that for each investment that is proposed here.

Senator STEVENS. I wonder about the flexibility of the individual services. If I understand this right—and the chairman mentioned the problem we had over unit costing that led us to the $700 hammer or the toilet seat problem. You are not going to do unit costing now, are you, on a departmentwide basis?

Mr. O'KEEFE. Yes, sir. I mean, part of the intent here is to make sure that you understand what the cost is to overhaul the asset, to requisition something from the supply system, et cetera.

Senator STEVENS. When you overhaul an airplane and it costs you—I mean, you have got 1,001 units in there and it costs you $100 million, you pretty soon see that each unit costs you a hell of a lot more than it actually did on some of them. That is what led to the $700 hammer in my opinion, the coffee pot problems, was people were putting everything in a bag and saying everything in that bag costs the same amount of money.

Are you going to do that?

Mr. O'KEEFE. No; part of what happened with the toilet seat problem is that there was a universal icing on a layered cake approach to try to spread overhead. Everybody was assigned a factor, whether it was a very large procurement that involved a very high production cost or one that involved $1.52. As a consequence, the same overhead factor was applied across the board.

The approach that is used here and the approach we are trying to formulate in terms of supply systems, as well as industrial activities, is to set a series of rates for units of activity performed. It will be on a percentage basis as opposed to a lump sum amount just kind of laid on top to represent overhead costs. That is part of what created that aberration with the toilet seat.

Senator STEVENS. You say we are going to get greater control. How do we know—how will we know if there is money spent out of this fund for a purpose other than which it was intended or specifically prescribed as far as Congress is concerned?

That is what happened in that Asset Capitalization Program. The sum of $800 million-some-odd was spent for things that we had not authorized. How are we going to know that with this one? You have got a centralized system. Army, Navy, Air Force, Marines are all drawing out of it, and you have got accounting for what it costs.

But how do we know that the money that you let the Air Force have was not the money we intended for the Marines to use for their planes?

Mr. O'KEEFE. The approach, again very specifically on the capital budget portion of this, will be that once an item is justified and proposed as part of the rate for that particular activity, that is what you are going to buy, or you do not buy it at all.

So we have got to rigidly enforce that. That is part of the concern that was raised by GAO. We agree, because in the end we simply cannot afford to continue to change those requirements.

To the extent there is any movement between anything that is specifically assumed in the rates at the time Congress acts, to overhaul a ship, to do whatever, if there is anything involved in that particular amount that changes, then what I would propose to do is to come back in the next budget cycle and demonstrate that before we proceed.

CAPITAL PROGRAM

Senator STEVENS. The money we give to the Army for their capital program, are they going to account for it to us or are you going to account for it to us?

Mr. O'KEEFE. They will, and they will account for it in the context of what it takes to overhaul a tank, an aircraft, a helicopter, whatever, and to say these are the elements of expense involved, this is what is included in that cost per flying hour, that cost to overhaul the U.S.S. *Whatever*, that cost per steaming hour.

As a consequence, those will be included specifically as elements of expense to conduct that particular activity. But they will do that. All we are going to be doing is acting along with the military departments in the financial management business as stewards of the fiduciary process itself.

It will not be any control over the substance or the detail of it. That resides and remains within the military departments and will be more controlled by each of the operating forces, as opposed to a bunch of folks who sit around and try to determine what the right spare parts mix ought to be.

Senator STEVENS. Well, I opposed it, as you recall, but I remember distinctly the limitation that went on for several years: No part of these funds provided to the Air Force shall be used in any way to conduct an ASAT program, right? Now, how are we going to be able to assure our colleagues that such a proscription is abided by if the Air Force can go to a common pool and the common pool provides them assistance for the parts they need and everything else they need to conduct an ASAT program?

Where is the control mechanism? Is it in any way lost as far as control over the actual expenditures of dollars for the individual agencies?

Mr. O'KEEFE. No, sir; I am taking you literally on this. This will not apply to any acquisition program, for example, or R&D effort that is of a developmental nature.

There are some pieces of the research and development business that will be included here for services rendered on a reimbursable basis. We are not talking about buying aircraft.

Senator STEVENS. Well, ASAT was just an operational program. ASAT was just operational. You just had to have the funds to conduct the tests. They had the airplanes, they had the antisatellite missiles, they had everything else. All they had to do was put it together.

Now, who is going to make sure they are not putting it together from your fund and spending the money on something that Congress said no, they cannot do? Although I want them to do it. I just want to know, how do we maintain the control?

SPARE PARTS

Mr. O'KEEFE. Again, the process will be that, as it exists right now under the current revolving funds, the "Operation and maintenance" accounts will be there for specific support functions. It will not be for operational endeavors, like conducting training operations or whatever else. It will be strictly for things like the cost to overhaul a ship, to requisition an item out of supply, whatever.

To the extent that there are any limitations that are established either by the Department or enacted by Congress, certainly those would prevail. There is absolutely no change or diminution of those limitations that would exist under this procedure as exist now.

Senator STEVENS. Well, how can you show to us that the "Operations" account will reduce the cost for any particular entity?

Mr. O'KEEFE. I guess the best example again is the application we had over the course of the past 10 years in looking at the spare parts that are repairable. We had previously gone with an approach that said, we are going to have some guru that figures out exactly what the consumption rates ought to be and how quickly parts blow out, and as a consequence we will budget that number and hand it out, free issue it to everybody, and say, that is what you are going to need.

Well, as a consequence what happened is that the fleets invariably sat back and said: "If I need 3, I will take 10." Private stocks started to crop up. There were efforts to say: Well, shoot, if I have got to wait until I have this thing repaired, I might as well throw it over the side so I can get a brand new one as soon as I pull into port.

Once they changed the procedure to say, you are going to pay for that particular part, and as a matter of fact you will get a discount if you bring back in the old one so I can fix it, as opposed to having to incur the cost for a new one. Once that happened the demand patterns changed drastically. It dropped by 20 percent in terms of the overall cost of just those simple basic kind of parts, the things that just really are the constant source of grist for all the toilet seat articles and everything else.

That changed a lot of mind sets and a lot of patterns out there, and we have had enough historical experience with it to say that is not a bad concept. It does motivate the kind of cost conscious behavior we are looking for.

Senator STEVENS. This will be my last question, and I have got a lot of questions, as the chairman does, from staff, that you can answer with them on or off the record as far as I am concerned.

But you know where I live, out there on the end of the tentacle of the supply system, all right. And we have got military bases out there and at times they need supplies on hand to meet anything from earthquakes to tidal waves or isolated even military problems, when the weather is bad and they cannot get things in.

How are they going to maintain? Currently I would think you would probably find that places like Alaska, Hawaii, and Guam and others, they have got an excess sort of storage of supplies on hand, because the cost of flying that toilet seat up there is higher than the cost of the toilet seat, OK. And maybe we have got a few extra toilet seats in the supply section up there because someone said, "Well, let us get a few more now because we do not want to have someone write up a story about us bringing a 707 up here to get us a toilet seat."

SURPLUS SUPPLY

Now, how much control are you going to have over these people's ability to have a surplus supply? Is not this fund going to be a deterrent? They are going to have to pay for them in advance, right?

Mr. O'KEEFE. Yes, sir.

Senator STEVENS. And they do not have to pay for the air cost of flying a 707 from Denver or from California. Why are you not going to increase costs of transportation for those emergency supplies?

And I am not just joking. At one time there was a guy that was operating the Mount McKinley Hotel who figured out it was cheaper for him in terms of his accounting procedures to not keep a supply of food in the hotel. He had it flown in every day, because the cost of air transportation was on one ledger, but the cost of supplies on another ledger.

Are you not doing that? Are you not giving an incentive to people to say, "Well, the cost of transportation is not our problem; it is the supply that is our problem"?

Mr. O'KEEFE. Well, there are two basic stops to that problem that we have accommodated or built into this proposal. The first of which is that it still permits direct appropriations, direct funding, for things like war reserve material or anything that is determined to be absolutely required for whatever emergency nature.

As a consequence, there is a——

Senator STEVENS. Do you control transportation costs in this fund?

Mr. O'KEEFE. Yes, sir; even today the stock fund cost to transport an item from the warehouse to the customer, whoever that might be, is a factor built into the rate that says what it costs me to transport the asset.

Senator STEVENS. That is if you bring a planeload full.

Mr. O'KEEFE. Right.

Senator STEVENS. Now what if I just bring one toilet seat?

SUPPLY OPERATIONS CONSOLIDATED MANAGEMENT

Mr. O'KEEFE. Well, what we are trying to set up at this stage—and it is part of the separate bunch of initiatives not related to this business operations fund concept per se—but what the supply operations consolidated management effort is trying to accomplish is say that if you have got a demand for an asset immediately, certainly it can be provided, but there is a fractional cost associated with that.

So to the extent that there is an urgent demand for something like that and nobody was foresightful enough to order it as part of the cost of doing business, yes, the price would be higher, unrelated to this question of the business operations fund, though.

As far as trying to establish a reserve, if you will, for various kinds of assets or parts or whatever else that are absolutely required for the day-to-day conduct, in addition to this war reserve feature, the military departments look at specific units that are not as accessible and as a consequence ought to be maintained separately on that basis.

Most of the locations you refer to do not have that kind of problem. There is enough central stockage at the Ileson's and the Elmendorf's, and places like that, that by and large that is not a real concern.

The bigger problem is getting something from that location to the more remote sites. This particular proposal would not affect that one way or the other.

Senator STEVENS. Well, will you continue the flat rate concept of transportation costs on an item basis?

Mr. O'KEEFE. What they are attempting to do, as I understand it, as part of a separate initiative looking at the supply functions, is to change the rate or stratify the cost of transportation based on the demand that is required.

Right now everything that rolls through the supply system is listed as priority 1. So the stuff that is actually priority 5 versus those that are really priority 1 cannot be differentiated, and so, as a consequence, there is a motivation in the process to really bust every rule to get something delivered even if it is not required immediately.

As a result, they are trying to set up, as I understand it, within the supply reorganization effort, a stratified cost that says, if you want it in 1 day you can pay this rate, if you want it in 3 days you pay that price, and if you want it in 8 days you will pay this price, so that it really does differentiate or force a discrimination on the part of the customer, the demander, that says, I want it now and I want it immediately, much the same way that it does at the Sear's Roebuck catalog versus walking in the front door.

So there is some change going on in that area.

Senator STEVENS. I said I would not ask you a question, so I will just make a statement. It sounds to me like you just formed a military Federal Express in-house.

Mr. O'KEEFE. In some ways that is true. We are moving toward that in order to make sure that we really understand, so that everything is not considered to be the highest priority and we just knock ourselves out in order to provide a margin of support that really is not essential at that point and is costing us a hell of a lot more.

Senator STEVENS. Would you be able to say, if you want it that bad, pay the Federal Express cost; we ain't sending a 707?

Mr. O'KEEFE. Yes; yes, sir.

Senator INOUYE. Mr. O'Keefe, I am certain you are well aware that both of us are supportive and want very much for you to succeed. But at the same time, in listening to our questions it must be obvious that we have questions also that must be clarified and we do not fully understand your proposal.

I think both of us spend more time looking over the details of our portfolio than other members of the committee, and if we have questions you can imagine what the others on the panel have.

Couple this with the fact that the House has already indicated its disapproval. Is there any unique problem that would result if we postponed this a year?

Mr. O'KEEFE. Well, I think there are two features or two points to be raised on this. First of all, the House Armed Services Committee, having acted 2 or 3 weeks ago, came to the conclusion that this is an interesting—if I can paraphrase—this is an interesting concept, but it is one that needs further exploration, much the same way the General Accounting Office did. It said, "Gee, it looks super, but it's just too fast."

The bottom line is there is not any diminution or delay in all the requirements under the statutes to fill out financial statements, to do a variety of other things that have come in just within the last year. So as a consequence, any delay in trying to implement this approach guarantees that what we produce under the terms of the other statutory requirements will not be that good, it will not be that meaningful, the data will not be relevant for any decision making purpose.

We may be able to comply with the purpose or specific letter of the law, but the intent I think will be lost. So this is again a very, very trimmed down, modest proposal to use or draw on the existing mechanisms we have in place, as opposed to trying to expand dramatically this time out.

So I think any delay would further fuel the same problems we have seen plenty of, that the General Accounting Office continually makes a point of.

CENTRALIZE COMPUTER SERVICES

Senator STEVENS. One question. How will you allocate the costs, the increased costs of centralized computer services for the Department, between the services?

Mr. O'KEEFE. There is a presumption in the question that we are centralizing the computer systems, and that is not——

Senator STEVENS. You said you are centralizing accounting, so you must be centralizing computer services.

Mr. O'KEEFE. Basically, the way the process was organized, specifically within the area of the accounting systems, was each military department maintained their own finance and accounting center, which is a kind of a midlevel point which the input from all the field activities goes into. Each of them were at various stages of implementing upgrades or changes to the hardware or the software in order to keep the accounting systems in place.

What we are trying to do with the Defense Finance and Accounting Service now is take a fraction of that cost and implement a simpler standard for the various accounting processes, pay of people, whatever. We are taking the more common functions first and implementing systems that are either in place or about to be in place, that we have got plenty of experience with, and then using that standard across the Department of Defense.

So I think the investment costs are marginal by comparison to what they would be to constantly be upgrading or changing every system that exists that is unique out there. The Defense Finance and Accounting Service will, in fact, be under this particular funding concept and so they will be passing along at least a fraction of that cost, of the capital that it takes in order to simplify and standardize the process, which will be much smaller a number than if the military departments had done it themselves.

Senator STEVENS. There must be a compatibility cost, if nothing else, if you are going to centralize accounting.

Mr. O'KEEFE. I think so. There is a little bit, but it is not anywhere near the cost to maintain separate, unique, and different accounting systems that all have one nuance that is slightly different from the other one.

Again, there are 27 different ways of paying civilians in DOD, there really is not a whole lot of uniqueness in the way the Congress enacts that governmentwide. It tells you exactly what the wage rates ought to be. Why we have to do it 27 different ways is beyond me.

Senator **Stevens**. I hope that down the line you are going to be able to show that you have financed a lot of this in savings, because if you are not, why, we are going to get a bill that is going to be hard to explain.

Mr. **O'Keefe**. That is my fondest hope, and there is no question I think we have built in the incentives to make that happen. I fully appreciate your point, sir.

Senator **Inouye**. Before we close the hearings, I would like to, in behalf of the committee, give special recognition this morning to Lt. Gen. James McCall. General McCall is presently the Comptroller of the Army and prior to that he served as Director of the Budget, and he has served us with great distinction for the past 33 years. Next month he will be hanging up his uniform.

So we thank you very much for all the years of service to us and we wish you godspeed, sir.

ADDITIONAL COMMITTEE QUESTIONS

[Clerk's note.—Additional questions submitted by subcommittee members, together with the Department's responses, will appear in the appendix portion of the hearings.]

CONCLUSION OF HEARINGS

Senator **Inouye**. Today is the last of our hearings on the fiscal year 1992 defense budget, and on behalf of the committee I would like to thank all witnesses who appeared to help us in this endeavor. The subcommittee will now stand in recess.

[Whereupon, at 10:21 a.m., Thursday, May 23, the hearings were concluded, and the subcommittee was recessed, to reconvene subject to the call of the Chair.]

LIST OF WITNESSES, COMMUNICATIONS, AND PREPARED STATEMENTS

	Page
American Institute of Aeronautics and Astronautics, prepared statement	1346
Bofferding, Charles H., III, executive director, Seattle Professional Engineering Employees Association	1300
Prepared statement	1305
Cheney, Hon. Dick, Secretary of Defense	1361
Prepared statement	1380
Collins, Fr. T. Byron, S.J., special assistant for congressional relations to the president of Georgetown University:	
Joint statement with Fr. William L. George, S.J., Georgetown University	1356
Prepared statement	1356
Costantino, Becky, Chair, Defense Advisory Committee on Women in the Services	1204
Prepared statement	1207
Cupples, Howard P., M.D., on behalf of the American Academy of Ophthalmology	1328
Prepared statement	1331
D'Amato, Hon. Alfonse M., U.S. Senator from New York, prepared statements	1110, 1213
Duggan, Mike, assistant director for national security-foreign relations, The American Legion	1223
Prepared statement	1226
European Congress of American Parents, Teachers, and Students, prepared statement	1358
Fletcher, David R., CRNA, MA, president, American Association of Nurse Anesthetists	1313
Prepared statement	1315
Galvin, Gen. John R., U.S. Army, Commander in Chief, U.S. European Command, Department of Defense	1116
Prepared statement	1118
Garn, Hon. Jake, U.S. Senator from Utah, prepared statement	1389
George, Fr. William L., S.J., special assistant for congressional relations to the president of Georgetown University:	
Joint statement with Fr. T. Byron Collins, S.J., Georgetown University	1356
Prepared statement	1356
Hadley, Hon. Stephen J., Assistant Secretary of Defense for International Security Policy	1109
Prepared statement	1112
Hazan, Paul L., chairman, Defense Research and Development Policy Committee, Institute of Electrical and Electronics Engineers—United States Activities	1318
Prepared statement	1321
Higgins, Jack, chairman, Committee on Government Liaison, Financial Executive Institute, prepared statement	1354
Holt, G. Richard, M.D., on behalf of the American Academy of Otolaryngology, Head and Neck Surgery	1333
Prepared statement	1334

Page
Hunter, John T., national president, Association of Civilian Technicians 1286
Prepared statement 1289

Jansen, Laura, chairperson, Defense Rations Manufacturing Association 1336
Prepared statement 1283
Johnson, David, Ph.D., executive director, Federation of Behavioral, Psychological, and Cognitive Sciences 1323
Prepared statement 1326
Jones, Lt. Gen. Donald W., USA, Deputy Assistant Secretary of Defense, Military Manpower and Personnel Policy 1145
Prepared statement 1148

Lanier, Jack, Ph.D., Principal Deputy Assistant Secretary of Defense for Health Affairs 1213
Prepared statement 1218

McKinney, Sgt. Major C.A. (Mack), USMC (ret.), legislative counsel, Non-Commissioned Officers Association of the United States of America 1281
Prepared statement 1283

Naval Enlisted Reserve Association, prepared statement 1357

O'Keefe, Sean, Comptroller, Department of Defense 1423
Prepared statement 1436

Rodenberg, Lt. Col. James C., USAF (ret.), legislative counsel, Reserve Officers Association of the United States 1255
Prepared statement 1257

Senate National Guard Caucus, letter from 1274
Shope, Robert, M.D., professor of epidemiology, Department of Epidemiology and Public Health, Yale University School of Medicine, on behalf of the American Society of Tropical Medicine and Hygiene 1340
Prepared statement 1342
Skibbie, Lt. Gen. Lawrence F., USA (ret.), president, American Defense Preparedness Association, prepared statement 1344
Smith, Rear Adm. Lester Robert, USNR (ret.), president, Naval Reserve Association 1263
Prepared statement 1266
Sturdivant, John N., national president, American Federation of Government Employees, AFL–CIO 1296
Prepared statement 1298

Weber, Lt. Gen. LaVern E., executive director, National Guard Association of the United States 1271
Prepared statement 1278
Woerth, Capt. Duane E., Air Line Pilots Association 1300
Prepared statement 1308
Woods, Ms. Millicent W., Deputy Assistant Secretary of Defense, Office of the Assistant Secretary of Defense 1172
Prepared statement 1175

SUBJECT INDEX

DEPARTMENT OF DEFENSE

FAMILY SUPPORT PROGRAMS

Page
- Child care centers ... 1182
- DOD education facilities ... 1184
- Family Advocacy Program ... 1184
- Family support programs ... 1174
- Marital status ... 1182
- Military family ... 1200
- Quality of life ... 1173
- Spousal employment ... 1186
- Summary statement of Ms. Millicent W. Woods ... 1172

NORTH ATLANTIC TREATY ORGANIZATION

- Base closure ... 1137
- Burdensharing ... 1129
- Crotone ... 1134
  - Base scrubbed ... 1142
- Defense strategy ... 1110
- Drawdown ... 1135
- Force structure ... 1128
- Infrastructure ... 1117
- Joint exercises ... 1112
- Mobility ... 1127
- NATO:
  - Infrastructure:
    - Funds ... 1130
    - Regulations ... 1138
  - Military strategy ... 1126
- Readiness, lower level of ... 1142
- Residual value ... 1131
- Theater missile defense initiative ... 1132

OFFICE OF THE ASSISTANT SECRETARY OF DEFENSE

ALL-VOLUNTEER FORCE

- Basic allowance for quarters ... 1169
- Compensation ... 1147
- Family support:
  - Plan ... 1161
  - Programs ... 1171
- Health care professionals ... 1167
- Minorities in volunteer force ... 1165
- Quotas ... 1166
- Recruit quality ... 1147
- Staff schools consolidation ... 1168
- Volunteer force, health of ... 1148
- Women:
  - In combat ... 1163
  - In the gulf ... 1164
  - Role of ... 1170

Page

OFFICE OF THE COMPTROLLER

Capital program 1446
Central supply 1444
Centralize computer services 1451
Defense business operations fund 1429, 1435
    Benefits of establishing 1430
    Capital budget 1431
    Impact of in fiscal year 1992 1433
    Impact of in future years 1434
Financial management 1425
    Goals 1427
Inventory control 1443
Management control 1445
Military construction 1441
Oversight responsibility 1439
Profit motivation 1438
Spare parts 1447
Summary statement 1424
Supply operations consolidated management 1449
Surplus supply 1448

OFFICE OF THE SECRETARY

Arms control prospects 1387
Arms for the Middle East 1416
B–1 and B–2 bombers, rationale for 1410
B–2 versus B–1 bomber 1385
Budget summit agreement, staying within 1386
Budgeting, multiyear 1418
Burdensharing among U.S. allies 1384
Carriers, number Navy needs 1390
Concerns about the future 1378
Conventional forces 1364
Defense base closures 1392
Defense management initiative, economic impact of 1383
Defense:
    As a share of Federal outlays 1370
    As a share of GNP 1369
    Budget authority 1367
    Budget topline 1367, 1369
    Management report initiatives 1372
    Priorities, forces, and manpower 1371
DOE funding 1419
Draft, returning to a 1385
Force:
    Future levels 1394
    New structure 1365
    Structure 1373
International arms sales 1401
Land forces, fiscal years 1992–93 1377
Manpower 1374, 1400
    Allocating reductions 1399
Naval:
    Aviation requirements 1413
    Fiscal years 1992–93 forces 1378
9–12 MASH unit, status of 1407
Pacific region, security in the 1388
Planning assumptions, new 1365
Program terminations 1375
Reserve:
    Redeployment of forces 1397
    Status of transportation group 1415
Saudi Arabia, cooperation with 1420
SDI and other cancellations 1405
Strategic forces, fiscal years 1992–93 1376
Tactical Air Forces, fiscal years 1992–93 1378
Total force policy 1396

Page

United States:
  Allied contributions for gulf costs 1409
  Change in defense strategy 1363
  Future presence in Persian Gulf 1383

UNIFORMED SERVICES UNIVERSITY OF HEALTH SCIENCES

Civilian personnel problems 1217
Militarily unique training 1216
Summary statement 1214
USUHS graduates, retention of 1215

WOMEN IN THE MILITARY

All-Volunteer Force 1206
Combat exclusion 1205
Combat infantry 1210
Draft, the 1209
Sexual harassment 1210

O

38-696 (356)